

**INSIDE: The Police at the top of rock**

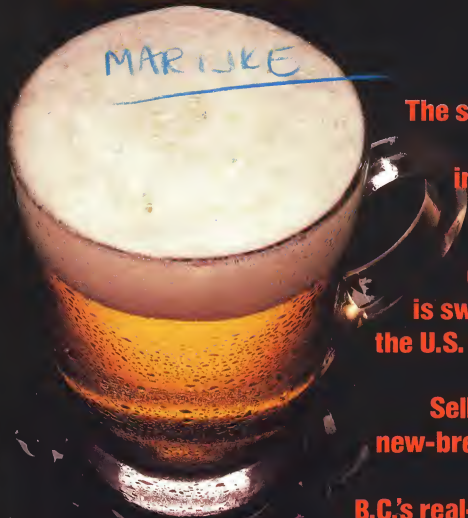
# Maclean's

AUGUST 15, 1983

CANADA'S WEEKLY NEWSMAGAZINE

\$1.25

## BEER



**The shakeup  
of an  
industry**

**How  
Canada  
is sweeping  
the U.S. market**

**Selling the  
new-brew look**

**B.C.'s real-ale fad**



# Sun Set.



**Smirnoff**  
LIVES UP TO BRIGHTNESS

FOR A LITTLE WHILE LONG IT WOULD  
BE THE ONLY ONE TO BE BOTTLED IN  
CANADA. THE ONLY ONE TO BE BOTTLED IN  
CANADA. THE ONLY ONE TO BE BOTTLED IN  
CANADA.

CANADIAN WEEKLY NEWSMAGAZINE

## Macleans

AUGUST 13, 1983 VOL. 96 NO. 33



**A message for the premiers**  
Prime Minister Trudeau's letter to the premiers last week called out for a national partnership and continued restraint. In all likelihood he will get both. —Page 19



**The Police reach the top**  
With their albums riding the top of the charts, The Police's Canadian ecstacy has generated excitement unsurpassed since the heyday of The Beatles. —Page 32

### COVER

**The new beer wars**  
After a decade of listless growth, Canadian beer companies have taken a cue from U.S. brewers and embarked on the biggest shakeup in the industry's history. Among the most dramatic changes have been the launching of U.S. beer, the introduction of new "goose-necked" bottle shapes and an energetic new assault on the U.S. beer market. —Page 28

PHOTOGRAPH BY GARY HENNING



**Trading with the enemy**  
The Reagan administration is increasingly sensitive to pleas from U.S. business to promote trade agreements with the lucrative Soviet market. —Page 26



**Danger at the beach**  
Canadians are getting used to seeing their favorite beaches closed by pollution, but Toronto has been particularly hard hit during the summer heat wave. —Page 26

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After three years of playing the McKenize Brothers in the Great White North as ACTV, it was inevitable that the beer-swilling Irish Morans and Dave Thomas would see their first movie in a brewery. The release next week of *Strange Brew* made it equally inevitable that *Maclean's* would devote a cover to Canada's second-favorite pastime—beer. For the Big Three brewers in Canada, beer is a serious



Whittingham, McKenize, advised

business, and they are aware that publicity can cut both ways. *Maclean's* long appreciated the publicity that came with Bob and Doug's complacent consumption of Molson's Canadian in front of millions of viewers. Still, the company balked when the "brothers" wanted to shoot on location in Molson's Toronto plant. The reason *Strange Brew's* plot revolves around the pair sneaking a mouse into a beer bottle so they can get a free case of 24. The film was finally shot at Old Port Brewing Co. in Prince George, B.C.

The writers, editors and designers who prepared the cover story attached it with even more than their usual zeal. Tastings of various brands seemed to be obligatory. And both Department Editor Thomas Hopkins, who oversees the package, and Writer Anthony Whittingham were subjected to interminable in-house advice on the relative merits of the beers that had been tested. One taster added a dose of refinement by recasting a line from a poem by A. E. Housman: "And malt does more than Milton can / To justify God's ways to man." The outcome of these discussions and information provided by correspondents throughout North America and in Britain begins on Page 38.

*Kevin Doyle*

Maclean's, June 24, 1993

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Kevin Doyle

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## Maybe you're teaching them more than you realise.

Teenagers often give the impression that parents have no influence in their lives, that they can handle it all themselves. Well, when the subject is drinking, nothing could be further from the truth. You don't have to take our word for it. Here's what some teenagers have said:

"Everything I know about drinking I learned from my parents."

"They tell me to watch myself at parties, but they forget that advice when they have one of their own."

"I've seen my parents' friends drive home when they really should't have. Why didn't someone suggest a cab?"

"I know drinking and driving is a dangerous thing to do. But I don't under-

stand why it's only dangerous for me, not for my father."

We could go on, but you get the point. Nothing you can say about drinking responsibly is as believable as acting responsibly.

So please. If you won't make the effort for yourself, at least have the good sense to do it for your kids.

### Seagram

We believe in moderation and not in being taken to zero at 1304



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## The other issues

Your article *Foreign mothers on their own* (Canada, May 16) is very relevant to the situation existing in Winnipeg regarding abortion. While many anti-abortionists have come out strongly in protest against Dr. Henry Morgentaler's clinic, they have been less than adamant in the cause of providing support services for single parents. Even if Joseph Borowski wins his case in Regina, the inability of society to take care of its children will make Morgentaler's defence of reasonableness much stronger and the demand for illegal abortions that much greater.

—PAUL PETER, Winnipeg

Your cover story on abortion (*This agency over abortion*, July 28) rightly identifies the debate in the arena of human rights. Long after this issue has been legally disposed of, however, the moral issue will endure. Can we survive as a society, so untouched by the values of human life that we are establishing values that discount new life to sexual indulgence? Can we be a happy and just society when there are more infants abandoned than live births? Which class of persons will become the next sacrifice to expediency? The extended "The Serpent" We have not even begun to examine the long-term consequences of the abortion conflict.

—P. RICHARD GARNETT, Toronto

### Manitoba's two languages

In your article *Manitoba's battle over bilingualism* (July 28), you state that



Morgentaler long-term consequences

the proposed constitutional amendment would "have Manitoba declared an officially bilingual province." French and English have had official status in this province since 1870. You refer to an "arbitrary new language policy." It is neither new nor particularly arbitrary. The policy itself was launched by the previous administration in March, 1981, and was reaffirmed in greater detail by the present government in March, 1982. The statement that the "longest ethnic groups resent the special services being offered" is very much in error. All spokespersons for ethnic groups that have so far taken a public stand on the issue—and there have been many—wholeheartedly support the present amendment. The denial of rights to an official language minority would be of no help to other groups.

—BILAND FENNER, Attorney General of Manitoba, Winnipeg

### Getting the story straight

A question of overall accuracy arises regarding articles in your magazine when, in the same issue, we read in the cover article, *From old country to a new one* (July 4), "Education... leads the country in drug abuse, child abuse, wife battering, alcoholism, mental breakdown and suicide." Six pages later *Factor of five* whereas cities in downtown Britain "Calgary ranks second only to Vancouver for the highest suicide..." So which is it, Edmonton or Vancouver? If your publication is meant to inform, I wish it would get its stories straight.

—JOHN WYCKOFF, Abbotsford, B.C.

the city with the highest suicide rate in Canada in Vancouver

## DESIGNED

Bozle Kahn, 65, as the non-minister of major league baseball. Although Kahn had held the post for the past 15 years, at the American and National League owners' meeting last November he fell two short of the required nine votes in the 18-member National League.

**MARRIED:** Canadian actress Margot Kidder, 34, and French director Philippe de Broca, 50, who had renewed their acquaintance on the set of Kidder's latest movie, *Louise*; in Vert, France Kidder, who won critical acclaim last year for her role in *Don Sherkin's* *Firestorm*, was previously married to novelist Tom McGuane and actor John Heard.

**DIRTY:** Carolyn Jones, 50, the veteran movie and television actress best known for her role as the ghoulish Morticia in the 1966-1968 TV series *The Addams Family*, of course, in Los Angeles Jones appeared in 12 motion pictures, including *Marjorie Monaghan*, *The Seven Year Itch* and *For Pao*. Her Addams Family role brought her the greatest fame, however, and she joined another TV series, *Capitol*, in 1968 but was forced to drop out after the first year because of her illness. Jones was married first to producer Aaron Spelling, then to conductor-arranger Herbert Green and, since 1981, to actor Peter Balaban.

**DIRTY:** Gordon Johnston, 63, the creator of the cartoon series *N. Hopper* in Canada, which appeared in 65 Canadian newspapers, at heart chronicler, in London, Ont. Johnston, who also did a 1981 cartoon strip about a parliamentary press secretary reporter, Jeff Blackburn, was the political cartoonist for the *Ottawa Citizen* from 1952 to 1957.

**INJURED:** Champion Canadian cyclist Joseph Love, 32, when his bicycle collided with a dump truck about 30 km northwest of Toronto. The British-born world-class cyclist, Canadian Athlete of the Year in 1976, won the first Canadian gold medal in cycling in more than 30 years at the 1970 Commonwealth Games in Edinburgh. At week's end Love was in life-support systems in a Toronto hospital.

**SENTENCED:** Rock singer David Crosby, 42, to five years in prison for possession of cocaine (one-quarter of a gram), in Dallas. State District Judge Patrick McDowell also sentenced Crosby to three years confinement for illegal possession of a firearm. Crosby was a founding member of *The Byrds* and Crosby, Stills and Nash.

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## Where all the preppies stop to shop

What Paris is to haute couture, Freeport, Me., is to the Lacoste shirt and Top Rider macramé. The tiny New England town (population 5,000) is the home of L.L. Bean, the famed mail-order outfit whose Maine Hunting Shoes and Baxter State Parkas could make even a motorcycle gangster look like a pillar of the eastern seacoast establishment. L.L. Bean is nothing less than the spiritual base of the United States' preppies, that horde of otherwise undistinguished citizens who seek to emulate its dress and behavior. The wealthy Wastis who have traditionally attended private preparatory schools in the United States.

When nearby Portland played host to the United States governors conference last month, the politicians insisted on visiting Bean's store during the three-day meeting. In 1961, during the filming of *On Golden Pond* on location in nearby System Lake, N.H., Henry and Jane Fonda brought members of the cast in for a shopping spree. U.S. Supreme Court Justice Sandra Day O'Connor, singer John Denver and country singer

Willie Nelson have also browsed through Bean's Fair Isle sweaters and Sportswear's haversacks.

Although most customers order from the Bean catalogues, increasing numbers see making the pilgrimage to the Freeport retail shop, which is open 24 hours a day year-round. On peak summer days as many as 11,000 people jam into Freeport, grabbing macula of delicacies like lobster roll from street vendors and turning the downtown area into a hopeless mass of out-of-state vehicles. Warm Freeport native Mary Weisheit, "I don't go near the centre of town during the summer, and forget about parking spaces."

Drawn by Bean's affluent clientele, other retail outlets are turning the town's commercial strip into a slow-motion parade of up-scale merchandise, from Dansk kitchenware to Frye boots. Highway shirts now occupy the building that was the town's only supermarket, and a Main Street auto supply store, purchased and refurbished for some \$300,000, now houses the Coleman shoe store where fancy footgear

sells for more than \$300 a pair. Says Lila Ellis, a retail consultant who advises merchandisers throughout the United States, "Freeport is one of the best noncommercial areas in the northeast."

But the town has also caused several major problems. "We didn't locate in Freeport to fight traffic," complains Barbara McGowan, who with her husband founded the Freeport Residents' Association last winter to monitor commercial growth. "Local business has moved off Main Street to business saving the tourists can move in." The association already has joined forces with the local merchants' association to successfully oppose the construction of a shopping mall on the outskirts of town, and this summer its members have joined with another local civic group, Freeport Mac Attack, to oppose the arrival of a McDonald's restaurant on a plot of land now occupied by a century-old Main Street house.

It would have been difficult to anticipate Freeport's recent difficulties in 1932, when Louis Leonowood Bean, tired of returning from hunting expeditions



Pickie L.L. Bean; the *Forrest* brought the whole *On Golden Pond* cast in for a spree

in the Maine woods with wet feet, designed hunting boots featuring rubber floccents sewed to leather uppers. Bean nullified a brochure announcing a new product to a lot of people who held Maine hunting licenses, promising a full refund if the shoes failed to satisfy. Of 90 of the first 100 pairs the rubber separated from the leather upper; the refunds nearly broke Bean, but he eventually perfected his design, and his Maine

Hunting Shoes became the most sought-after footwear of hunters and cowboys. Then Bean added hunting and fishing gear to his catalogues, and sportsmen began to make personal visits to his quarters. When Bean died in 1987, at 84, his store and catalogue business grossed \$4.9 million a year.

Bean was succeeded by his grandson, Kevin German, who made his own revolutionary discovery: there are refugees

at sports-outboard city dwellers who want to look as though they have just emerged from the Maine woods. On the strength of that perception, German has built Bean's into a \$200-million-a-year business which sells out roughly 50 million catalogues a year; its 126 color pages feature everything from auto and conductor's helmets to button-down oxford cloth shirts and Isobelle fishermen's sweaters. The volume of business has become so great that Bean's is planning to add 50,000 square feet to its modern retail outlet, where chuffed snows and city hands look down on computerized cash registers ringed by smoking lines of shoppers.

Among them one day last month was Robert Throott, of Saint John, N.B. "I see meemered," he said. "I thought this just had a few canoe things here." His wife, Anne, says she heard from "washroom gossip" that everyone goes to Bean's. "All we bought was wool slippers, but I know we will be back," she added, exhibiting a paper bag decorated with drawings of deer, ducks and fish. George Grant of Montreal, Y.Y., stood in line with his grandson, Douglas Shoen, who was carrying a large Turkish towel with the forest-green L.L. Bean logo emblazoned down the middle. "I couldn't go to college without this," the young man said. "Wool people could."

—BETA CHRONOPHILIA in Freeport.

## Kiss an old flame goodbye.

We know Winter has come and gone. Sleet and snow and sub-zero temperatures are just about the last things on your mind right now. But summers, unfortunately, don't last forever. And in a few months, your old furnace will be doing what it does best. Burning oil. Lots and lots of oil.

So we're asking you to take a minute now to think about something you don't want to think about. Home heating. Because the waste you spend now could add up to big savings come December.

### ELECTRICITY AND OIL: AN ECONOMIC COMBINATION

If your oil furnace is in good condition, swapping it might not make much sense. A dual-energy system combining oil and electricity will heat your home efficiently and economically. And depending on how much electric heat you add, and how

you operate your system, you could use as little as one tank of oil for the entire heating season!

The plasma heater, for example, can reduce your oil use by up to 75% and substantially reduce your overall heating cost. When paired, working in combination with your oil furnace, can cut your heating bill by 20 to 30 per cent and provide air conditioning in the summer.

And if your home is heated by means of an oil-fired hydronic boiler, converting to clean, efficient electricity is as easy as replacing the boiler. Adding electric baseboard heaters is ideal if you're planning an addition, because they eliminate the need for extending the ductwork of your furnace. And, they offer individual room temperature control so you can easily lower or shut off the heat in rooms not being used.

If your furnace does need replacing, an electric furnace or one of the other electric systems can heat your home cleanly, efficiently and economically.

And one more thing...having the work done over the summer when heating contractors aren't as busy may save you time and money.

If you'd like to know more, write to: Ontario Hydro, Room U7, EL 700 University Avenue, Toronto M5G 1A6, and ask for our free booklet, "Electric Heating: Options for Your Home."

Waitn't that's a real spent minute? Now, back to summer.

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The new Kodacolor VR films. Life never looked so good.

## COLUMN

### Modern summer madness

By Charles Gordon

In the places where people go for the summer, there used to be oldtimers who knew everything. Whether Canadians went to Camp, to The Cottage, or to The Lake, the oldtimers were always there, dispensing lore, practical information and practical advice. Now, in an era of mass communication, the oldtimer is vanishing on us, and Canadian summers are the worse for it.

The oldtimer is becoming a thing of the past. Whether you were at Camp, The Cottage or The Lake, you know where the oldtimer was. He was in Town. It didn't matter what the name of the town or village was. It was Town. If you needed to know whether summers were making this year, whether to use spray or gelatinized rods or what mosquito repellent was best, the oldtimer knew. From his perch in the hardware store or at the dock or even the post office, the oldtimer would answer the question and ask after your family, sometimes confusing your generation with the one before it as the user.

That was despite the fact that he only saw you for two or three weeks of a month at a time. You always came back, and he was always there. One year he wasn't there, but his son or daughter was, and the post of oldtimer passed on and was maintained.

A lot has changed, some of it for the better. Where you used to have to search The Lake for a doctor, there is now a clinic in Town. True, there are mosquitoes when you go to the lake, but outside all is calm and efficient, and the prevalent rashy seems to be summer's ear, swiftly diagnosed and prescribed for, and swiftly healed.

Methods of summer refrigeration have improved. Blocks of ice are no longer necessary; it can be stored for longer periods, more than three quarters at a time. The all-important propane and kerosene are no longer dealt from someone's backyard, 10 km inland. Treated wood has been invented, and the Woodwarrior, the only means of protection that does not add to an already ample supply of pollution and noise. Also, the road to Camp, The Cottage or The Lake has been upgraded.

But there are disadvantages to weigh. The upgraded road brings more people passing through. Without knowing the oldtimer is an oldtimer, they take up his time. Bigger boats have been invented. They go too fast, and the

ways they make are too big. Portable music has been perfected. Governments have decreed that boats must be equipped with horns. Boats use them. An arsenal of sprays has been built to keep various things under control. Canadian summers smell the bad. Some governments have been invented, showing people how to enjoy the summer with the aid of various safety gadgets and balloons. Some people—not too many yet, but a growing number—act out beer commercials.

Big business has been invented, and small business faces extinction. The dairy is gone, so is the bakery. A giant air-conditioned outdoor supermarket has replaced them. Big government has been invented. The Lake is cluttered with rules and signs telling you what the rules are. People say there is a rule that you have to carry a whistle in a canoe.

Because of another invention, more

***'Without oldtimers, how do vacationers know where to catch big muskies and whether minnows are working?'***

money, commercial relationships have changed. Before mass money, only a few people, the regulars, could spend their summers talking to the oldtimer in Town. The Town People and the regulars needed each other. Now mass money has brought vacationers to Town in increasing numbers, many of them just passing through, and people in Town lose track of who the regulars are. This is much better for the people in Town, but it eliminates the regulars. In that respect Town reflects the changes that have taken place in the rest of society. Privilege has been spread around so much that it has nearly ceased to exist. Privileged summer people may still recognize themselves as such, but nobody else does, anywhere in Town.

The huge wooden mountains towering over the lake have seen drivers and family disagreements. Summer estates have been split up, rented out. The regulars who remain look like anyone else. The oldtimer, if he still exists, has trouble finding them out.

The oldtimer may still exist. He may just be harder to spot. But where is he?

Some is an oldtimer hardware store, the one that will be the last one, now that Canadian Tire is in Town and men check out the bag registers, also men behind counter for advice. Men behind counter look like he might be an oldtimer but offers only the information that can be found in a book on the back of the one. Older men buy one of each. No oldtimer information is available.

Some at sporting goods store. Sporting goods store used to be called tackle shop, now with a few plugs and spinners and a lot of outdoor jogging outfits. Men take what the fish are biting this year. Clerk tells him what the tourists are buying.

The oldtimer knew what the guides were using, knew what the big muskie was caught on last week, and where, knew what the Indians knew. The oldtimer passed that on. The regulars knew what the Indians knew.

Regulars and Indians went to each other as they passed on The Lake. Now the places in Town where the Indians used to live are now moved over for parking lots and gleamy real estate offices, and the Indians, who do not wear matching jogging outfits, are out of sight and less likely to frighten the tourists.

It is still not exactly like the city. A woman can breast-feed a child while strolling down a supermarket aisle without causing a stir or violating seven separate city bylaws. People still wear when their boats pass, if the drivers can see each other in the big boats, the ones that are too big for most summer oceans, you don't know where the driver is located.

Charges can be cashed, charge accounts respond from summer to summer, and the library doesn't charge for overdue books. In Town there is a lingering element of casual trust that the city might have lost.

It will be tough to hang onto, but necessary, if summer is to continue to be a more peaceful, less tense season. The warning signs are out. The post office, where they used to know your name, now has little ropes you have to stand between while you wait in line, and your kids need a signed note to pick up the mail. The dock has become a marina. The hardware store has become a Canadian Tire, and there is more an oldtimer in it.

Charles Gordon is a columnist for the Ottawa Citizen.



Maloney campaigning: Trudreau and Chrétien (right); an unusual letter from Ottawa to Queen's Park

## CANADA

# A message for the premiers

By Mary Jordan

In an uncharacteristic gesture Prime Minister Pierre Trudeau wrote a letter to Ontario Premier William Davis last week that was long, vague and even somewhat self-defeating. And because it was sent during a week of setbacks for the federal Liberals, it also had an unsettling air of pleading. Trudeau told Davis—who is the chairman of this week's premiers' conference in Toronto—that all governments must agree to spending restraints in order to foster the fragile economic recovery. The Prime Minister also resurrected Ottawa's call in the April budget for "a new national partnership" among law, business and governments. That, in itself, was likely to rattle the premiers because it follows the federal-provincial dispute over medicare—extra billing and hospital user fees. "The government of Canada is determined to pursue its search for a more effective mix of economic policies and to do so in close co-operation with provincial governments as well as business and labor organizations," Trudeau vowed. "We do not think that we have all the answers."

That view was apparently shared by most Canadian early last month, according to the latest Gallup poll. After finishing up to 34 per cent of decided voter support in early June, the Liberals

plummeted to 27 per cent in early July. The Liberals also fell to 27 per cent—in a recent low—in early spring, but many of them hoped that the party had pulled out of its slump. At the same time, the Tories—fresh from the decline of Brian Mulroney as their leader—emerged from 50 to 55-per-cent support among decided voters. The Tories lost 11 to 55 per cent during the heyday of John Diefenbaker in 1959 (support for the Conservatives soared to 65 per cent in January that year). The struggling New Democratic Party slipped from 15 to 16 per cent, and NDP strategists expressed relief that the party's slide had halted—if only temporarily. The poll brought even more dismal information for the Liberals, however, when it reported that their support had dipped to 50 per cent in their Quebec stronghold. That served to intensify the minds of such Quebec cabinet members as Jean Chrétien and André Gauthier last weekend as eight ministers gathered in the Laurentian resort of Val Morin with 30 experts on social issues.

In the face of this setback, Trudeau's letter to Davis managed to be both conciliatory and patronizing. After a recitation of the prospects for an economic rebound, the Prime Minister explained that the government has a "critical" role in the recovery because provincial and municipal spending account for 50 per cent of total government expenditures

in Canada. He insisted that governments must work together to boost Canadian productivity and competitiveness and to ensure that wage and salary demands remain "compatible" with productivity. He asked Davis and the other premiers not to concentrate on federal policies—a discreet way of telling them to stop ganging up on Ottawa.

Senior Ontario officials reacted politely to the letter in public. But privately they were disgruntled. All provinces and territories have already imposed salary restraints on employees, except for Alberta, which has adopted guidelines. Ontario officials pointed out that economic recovery is an "Ottawa" agenda and that the premiers want to devote a lot of time to the issue. The Ontario officials were also baffled by the letter because Trudeau has rejected Davis' frequent call for a federal-provincial first ministers' conference on the economy. "Who the hell does he think he is?" grumbled one senior official, who requested anonymity. "He has released our calls, and now that we're having a provincial meeting he is sending his own agenda. And of course he is going to get his wish because the premiers are hoping to get a consensus that treatment is still needed." The personal agreement may be the summer's only promising development for the ailing Liberals. ☐

## Grasping at a Crow deal

By Gordon Legge

When Alberta Wheat Pool President Allan Macgregor emerged from almost 24 hours of intensive questioning by the Commons Transport Committee in an aggressively hot Edmonton hotel ballroom last week, he clearly showed the strain. His organizations, along with the wheat pools in Saskatchewan and Manitoba, is at the centre of a contracting controversy over the abolition of the Government Pool freight rate, which has kept grain freight costs artificially low for more than half a century.

Traditionally a western concern, the Crow has blown up into a national controversy, and the committee has until September to find a solution. Many Western observers view the wheat pools as the main obstacle to the way of reaching a consensus among western farm groups on changes to the proposed grain transportation act, which will replace the historic freight rate. As David Fehling, chairman of the Alberta Pork Producers Marketing Board, told the committee, "In the past few months it has become glaringly apparent that these organizations [the pools] are much more interested in preserving their anachronistic and inefficient corporate infrastructures than in representing their members."

More hearings are under way in Regina and Winnipeg this week, but testimony about week's sessions indicated that a breakthrough is no nearer than when Transport Minister Allan Rock began announcing the change 15 months ago. Under the plan, the railways could begin charging competitive rates for shipping grain and turn the revenue needed to upgrade the overburdened western rail system.

The central issue in the dispute is who should receive the \$60-million annual federal subsidy that will partially replace the Crow. The consensus-minded Peplin originally adopted a policy of splitting the money equally between the producers and the railways. But the wheat pools and Quebec livestock producers, using different arguments, insisted that the federal government should give the money to the railways

Although the pools said that that was the only way of ensuring upgraded rail service, critics charged the pools with a mere basic motive: ensuring their own survival by forcing farmers to stay in the grain business. Meanwhile, the Quebec farmers feared that payments to western producers would undermine the Quebec livestock industry because Prairie farmers might take advantage of the subsidies to increase their own livestock production. Last week most Alberta agriculture groups—and the Alberta government—agreed against paying the full amount to the railways. They said that would effectively destroy the western livestock and grain-processing industries. "The bill does nothing to ease or correct distortions and disincentives associated with the statu-

taken. Sold by Mr. Gordon Legge of the pool. "The way to ease the battle, but I'll never give this, you have lost the war. Alberta farmers especially, the West and all of Canada will suffer as a consequence."

Rhetoric aside, most groups agree on the need to reform the Crow. Still, the New Democratic Party and some other groups believe that the Crow should be retained. In the most compelling presentation during the two days of testimony, a dozen individual farmers, members of the National Farmers Union, a federal agricultural group, talked about the hardship they will face if the Crow is abolished. Jo Anne and Harley Fird, a young Yegreville, Alta., couple, testified that if the Crow is abolished their 1,300-acre grain and 3,500 laying-hen operation will be forced out of business. Since the Firds started farming nine years ago, their costs have soared as grain prices plummeted. Currently, their freight bill is \$5,200 a year



The Firds on their barley farm: Alberta farmers, the West and all of Canada will suffer

every mile," said Alberta Agriculture Minister LeRoy Fjordbotten. "In fact, new products and jobs will continue to be exported from Western Canada." Fjordbotten, the first Alberta cabinet minister to appear before a parliamentary committee since 1971, presented a counterproposal that would split the subsidy between farmers and the railway.

Most major Alberta farm groups, including the United Grain Growers (UGG), endorsed Fjordbotten's recommendation. The federal Conservatives said that the 1972 deal had the farmers' real interest at heart, and they pledged the Alberta pool for the stand it has

Under the proposed legislation it will total more than \$10,000 by 1990. "If this committee has any power," said Jo Anne, "keep the Crow the way it is."

Although each participant claims to have the farmers' best interests at heart, many, like the Port Saskatchewan Farmer Kenneth Galloway, 58, believe that the conflict over the Crow subsidy is caused by greed. Said Galloway, who, with his two sons, farms 700 acres of potatoes and peas: "I am afraid that my neighbor is going to get more than I will. We can't seem to get together for the common good of everybody. The committee has only a month to find a way. ☐

## Reluctant bilingualism

For weeks, tempers in the Manitoba legislature have been as hot as the 38°C weather outside. Then, last week the exhausted and embattled new government of Premier Howard Pawley prepared to face still another series of attacks from the Conservative Opposition, led by Sterling Lyon. The main issue at stake is the future status of official bilingualism for the province. Last spring the government announced that it had secretly worked out a deal with Ottawa and the Société Franco-Manitobaine to forestall a Supreme Court challenge to Manitoba's English-only laws. But the Tories are determined to prevent the implementation of the accord.

The agreement provides for the government to translate about 400 of the province's 4,000 English-only statutes, with as much as \$5.5 million in federal grants. It also requires the provincial government to provide French-language services in all its major offices by 1991—a move that has already upset a portion's 16,000 civil servants. As well, the province would "encourage" municipalities to provide French service where there is a "reasonable" demand for it, although what would be considered reasonable is not defined. Attorney General Roland Penner is determined to gain approval for the bilingualism resolution in the current session of the legislature, in which the Conservatives hold 33 seats and the Liberals 59.

The Tories, still licking their wounds almost two years after their defeat by the NFP, are using the issue for all its worth. One reason for their zeal is that Penner is the point man for the legislature. The 56-year-old, former attorney general, the brightest light in Pawley's cabinet, is the son of North Winnipeg Conservative parents and has never suffered politically. He has dismissed Tory accusations that the bilingualism bill is "anti-Indian infants." Complained Tory M.A. Jen Dewdney: "If you don't agree with them, they say you are a bigot, a racist or stupid."

As a result, last week there was legislative chaos when the Conservatives, encouraged by opposition polls showing that the accord has little popular support, filibustered, walked out and used other tactics to upset the government's timetable for the bill, which is before the legislature in the form of a constitutional amendment. Devotionary members were left fraying for 80 hours, and Lyon was expelled for two days for calling Penner a "bloody Red" and Pawley a "buff of wind."

The Opposition fears that if the resolution is passed, bilingual proponents may still go to court and win rulings that extend French language rights far to across the limits intended by the legislature. Civil servants are concerned that nearly 4,000 government jobs might require bilingual competencies. For its part, the government says that the number is 400.

Since 1979 the province has been developing a voluntary program of translating English-only statutes into French. So far, it has cost \$500,000 and only 25 copies of French statutes have been requested—a cost of \$27,000 per document. Already, four public information materials meeting the criteria have been sold—

believe—with those strongly against the government. A fourth, in Winnipeg, was openly split, but critics such as NDP M.A. Ross Deems, who opposes the legislation, charged that the government packed the meetings with its own supporters and made certain that vocal francophones were heard in Ross Deems, who collected thousands of signatures in his anti-bilingual campaign. "If they keep in this direction, the war will be thrown out at the next election."

At the same time, more than 100 municipalities have passed resolutions opposing the bilingualism resolution. And some of those place resolutions on the subject that fall, although it will be too late to change the legislation if the government is successful in passing it on time.

Meanwhile, Lyon said he is hopeful that the bill will eventually be withdrawn because the government has lost touch with the public. But with a comfortable majority, the NFP will almost certainly pass the bill (though).

—PETER CHARLTON-SMITH  
Winnipeg



Fishing for salmon in New Brunswick, anglers are tired of waiting for the fish to bite

## Where have all the salmon gone?

Every summer, thousands of anglers head to New Brunswick and into the rivers of their water dreams—the Miramichi, Saint John, Upper and Lower St. Lawrence—to cast their lines as peaceful waters for Atlantic Salmon (Salmo salar). But as far this year the talk in the fishing lodges is not of the big ones that get away but of the 50-pounders that simply are not there. Said Dr. Wilfred Carter, head of the St. Andrews-based Atlantic Salmon Federation: "The situation is nothing short of disastrous." Added Alex Hill, an angler on the Main Southwest Miramichi: "There are no fish."

At Mill's Old River Lodge near Dieppeville, only 55 fish have been landed since the first guests arrived June 28. And his business has fallen 30 per cent—a loss of \$67,000 this far this year—an anger against conservationists or defer their visits until the fish start biting.

Where have all the salmon gone? Partly, the answer lies in the salmon's remarkable life cycle. But the greatest threat is the commercial salmon fishing industry. Born in fresh water, salmon then migrate thousands of miles to the ocean before returning several years later to the rivers where they were spawned. Along the way they serve as a gastronomic international commercial fishery that operates on the salmon's ocean feeding grounds. Commercial fishermen have been netting an increasingly large catch of salmon. The result: Sever fish have been making it back to the rivers of either North America or Europe. In New Brunswick there has been an average 30 to 50-per-cent shortfall of spawning stock in rivers for each of the past 18 years.

The problem has not escaped international attention. For more than a decade, the European Community, Scandinavia, the United States and Canada have tackled it in international meetings—but with mixed results. Quotas were established after commercial fishermen moved onto the salmon's winter feeding grounds in the Davis Strait between Canada and Greenland in 1964. But in 1970 fishermen from the Feroes, a self-governing archipelago about 250 miles north of Scotland, discovered the salmon's migratory route from Scottish rivers and began another round of high-stakes phenon.

The problem is magnified because commercial fishermen in Newfoundland are also taking larger catches than sportmen think they should and because of a flourishing black market trade in salmon, many of which are poached in the dark of night. Last month a member of the N.B. legislature, James Gordon, pleaded not guilty to three charges related to poaching.

Another part of the problem is the perception that angling is a frivolous sport of the wealthy, while commercial fishing is a serious pursuit—and often the sole livelihood—of most new men who reside in coastal villages. In fact, argues Carter, the recreational fishery yields significant benefits to local economies. A 1961 study of the Restigouche and Magalloway Rivers along the New Brunswick-Quebec border showed that sport angling accounted for 81 per cent of the \$1.6 million fishery and created 188 seasonal jobs, compared to 38 in commercial fishing and 12 in the Indian fishery. But, unless governments act now, there will be no salmon at any price.

—DAVID POLSTER in Fredericton

## Devine's new connection

Historically, the geographic proximity of Saskatchewan and the bordering states of North Dakota and Manitoba has not been related in particularly strong diplomatic relations. But when Premier Grant Devine took office in March, he declared that he wanted to strengthen co-operation between the province and the border states. In an opening gesture of goodwill Devine addressed the North Dakota state legislature, and Gov. Allen Olson responded in the Saskatchewan legislature. Then, in late June Devine was invited to Kalispell, Mont., to take part in the annual Western governors' conference. Now Devine has supported North Dakota television stations which are appointing as appointees by Saskatchewan cable companies to import television signals from Detroit and Seattle.

To that end, Devine sent a written statement to the Canadian Radio-television and Telecommunications Commission. In it, he argued that the five cable companies should not be allowed to disseminate reception of microwave signals from Detroit and Seattle.

Devine (left), Devine the premier sided with the south



Devine (left), Devine the premier sided with the south

signals from Seattle stations in North Dakota in favor of programming beamed by satellite from the larger stations. Devine's reasoning: local news and weather programming, along with agricultural reports from stations in Winnipeg and Minot, N.D., are of interest to Saskatchewan farmers, whereas the Detroit and Seattle programming is mainly cops-and-robbers pulp.

The Saskatchewan cable operators are angry that their premier has sided with the North Dakotans. Said Clint Forster, president of Saskatchewan Tele-

vision: "I don't think that urban Saskatchewan viewers care about North Dakota agriculture reports, and you must remember that all cable subscribers are living in cities, not on farms."

The cable operators hope to improve picture quality and get access to 36-hour programming by importing satellite signals from Detroit and Seattle. The current microwave and fibre optics system has been disrupted by interference in the six years since cable television became available in Saskatchewan. The severity of problems with faulty reception has been challenged by William Ekberg, president of Meyer Broadcasting Co. of Bismarck, N.D., which operates a network of four small stations now carried by Saskatchewan cable companies to 150,000 homes. "We would like to see examples of this poor reception they talk about," said Ekberg, who filed an objection to the CRTC. The potential loss of revenue from Saskatchewan advertisers to North Dakota stations, which currently reach at about \$140,000 (\$1.5 a year, mostly from local stations, is another key factor motivating



ing the Meyer intervention. But the most severe financial impact would be felt by the PBS station in Winnipeg, which depends on public donations for survival, approximately 10 per cent of which come from Saskatchewan. Clearly, the cross-border battle has shown that Devine has decided that this is an ideal opportunity to show that there really is a common interest between Saskatchewan and North Dakota—even if it means creating a conflict of interest at best.

—DALE RUSSELL in Regina



Penner hot tempers



# Trading with the enemy

Conservatives often criticize the Reagan administration for loving commerce more than it loves conservatism. For one thing, they say, Washington condemned the Soviet Union's presence in Afghanistan, its crackdown in Poland and its relentless military buildup in Eastern Europe. But at the same time, the White House was quick to lift former president Jimmy Carter's ineffective embargo on grain sales to Moscow and it otherwise maintained a break business-as-usual approach to trading with the Kremlin. That gap between Ronald Reagan's rhetoric and his actions has become in-

ports to the Soviets, who urgently need the equipment to complete construction of a natural gas pipeline to Western Europe. Reagan has not yet made a firm decision as to whether to approve, but it seems likely that he will at least ease some controls. At the same time, after Poland officially lifted martial law, the Reagan administration speeded talks with 15 other Western military nations to discuss rescheduling Poland's \$25.5-billion debt, a gesture likely to lead to new loans and greater trade credits for other Soviet satellites as well.

Clearly, the long-term grain pact is more closely related to domestic U.S.

policy's dependence on Soviet energy. But most of the pipeline, electric-loom welders and other equipment that Moscow wants to buy from the United States are also available from Japanese, West German and other suppliers. And if U.S. firms are prevented from selling the material to the Soviets, other Western companies will gain the business. The principal U.S. manufacturer of pipeline, Illinois-based Caterpillar Tractor Co., has lobbied vigorously for lifting the export controls, which have been in effect since the 1978 jailing of Soviet dissidents Anatoly Shcharansky and Alexander Ginzburg.



Washington, Soviet gas pipeline: a vigorous lobby for putting trade considerations and the profit motive before political rhetoric

creasingly evident recently.

First, U.S. and Soviet negotiators reached agreement on a new long-term grain pact under which Moscow will increase its purchases by 30 per cent and buy an annual minimum of nine million tons of grain for the next five years—despite a deadlock in arms reduction talks and a confrontation in Central America. Agriculture Secretary John Block hailed the accord as a signal of the “normalization of trade in agricultural commodities” with the Soviet Union that Washington had been seeking. Then Secretary of State George Shultz and Commerce Secretary Michael Baldrige formally recommended that the United States relax its export controls on oil and gas equipment ex-

ports to the Soviet Union, who urgently need the equipment to complete construction of a natural gas pipeline to Western Europe. Reagan has not yet made a firm decision as to whether to approve, but it seems likely that he will at least ease some controls. At the same time, after Poland officially lifted martial law, the Reagan administration speeded talks with 15 other Western military nations to discuss rescheduling Poland's \$25.5-billion debt, a gesture likely to lead to new loans and greater trade credits for other Soviet satellites as well.

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The grain agreement, the expected easing of trade sanctions and the probable rescheduling of Poland's Western debt indicate strongly that Reagan will launch a re-election bid. Although the developments clearly offend his conservative loyalists, they soften his image as a cold warrior. The president's move toward the political center is regarded by experts as an essential part of the Republican re-election strategy. And, whatever his own ideological leanings, Reagan is also sensitive to arguments voiced by the U.S. business community. As the election nears, Reagan's sensitivity to these voters is likely to increase sharply.

—MICHAEL FORBES  
in Washington



Reagan with Stone and Shultz; Zornoz (below) is show of strength only backfire

## CENTRAL AMERICA

# Between war and peace

Central America's conflicts opened fragile hope and deep anxiety last week. In Bogotá, Colombia, President Ronald Reagan's special envoy to the region, Richard Stone, met for the first time with representatives of El Salvador's guerrillas, raising the prospect of movement toward a political resolution of that country's civil war. But there was also a chilling reminder of the U.S. military muscle now being flexed in the region. In an incident reminiscent of the 1962 Cuban Missile Crisis, a U.S. destroyer, the *Lynde McCormick*, intercepted the Soviet freighter *Alexander Ulyanov* 25 miles off the coast of Nicaragua and asked it to identify itself and re-assign. The ship, which Reagan claimed was carrying military supplies, described its cargo as road-building equipment and farm machinery. Then, Nicaraguan authorities refused to allow journalists to witness the *Ulyanov* discharging its cargo in the port of Corinto. And U.S. officials claimed to have a manifest proving Reagan's charge.

In the aftermath, Pentagon spokesmen denied a charge by the Soviet news agency *RIA* that Washington has effectively blockaded Nicaragua. But they confirmed that all Soviet ships entering Central America waters will be "rout" by U.S. Navy vessels. At the same time, an Washington, debarbated over the high-profile U.S. engagement in Central America. Democratic

Senators Gary Hart of Colorado and Edward Kennedy of Massachusetts introduced a bill requiring specific congressional approval before the largest-scale military exercises, scheduled soon for Honduras, begin. The legislation will almost certainly be defeated. But it does signal an increased willingness on the part of congressional Democrats to confront the more militant aspects of Reagan's policy. "The president," said Kennedy, "is playing with matches in Central America. Congress must not permit him to light the spark that starts the war."

In an attempt to defuse the opposition, Secretary of State George Shultz told a skeptical Senate foreign relations committee that Reagan's display of resolve had eased the interest of all U.S. opponents in the region in peace talks and assured that "a victory by the far left and its foreign supporters is not in the cards." Shultz declared that the White House policy "dissuades your support and that of the American people."

Shultz's counterattacks prompted Rhode Island Democratic Senator Claiborne Pell to raise a sharp rebuke. "You don't scare the Cubans and Ni-

caraguanas and still expect to measure the American people that the United States will not be drawn into another bloody conflict," he declared. Indeed, a Washington Post-ABC poll last week showed that four out of 10 Americans anticipate "another Vietnam" in Central America, less than half believe that Reagan will not employ U.S. troops in battle, and a scant 21 per cent believe that Reagan's policies will solve the region's problems.

The administration's claim that its show of strength has forced Salvadoran guerrillas to consider peace talks may actually backfire. Although Roberto Zamora, the representative of the guerrilla-led political wing who met with Stone, described their talks as "a small step toward peace," rapid progress was not likely. Stone's sub-mission was to indicate ways that the insurgents might take part in El Salvador's next round of elections. The guerrillas say that with a minimum of 170 political killings a month by government forces and right-wing death squads—Roman Catholic human rights workers put the monthly average at high as 447 from January to May—they will not be safe to participate in any elections until a "government of transition," including the current security forces, can be formed.

The guerrillas also fear that Stone's mission may be simply a means of diverting attention from the U.S. military maneuvers, which some in fact, be a prelude to a new escalation in the fighting. Denouncing Stone as a "soldier of intervention," a guerrilla broadcast declared: "What is in sight does not require glasses. The warships off North America, the warships off North America, the soldiers are North Americans." At the same time, El Salvador's normally quiet August holiday season was punctuated by a series of guerrilla attacks, centered on the rich, strategic province of San Vicente. Roughly 4,000 Salvadorans, troops, civilians, a church and local guerrillas to mark every day.



LENNY GARCIA in New York with Paul Robeson in San Jose, Costa Rica

## The cost of racial hate

**F**or a few brief hours last week, the Sri Lankan government lifted a strict nationwide curfew to enable riot-battered islanders to buy food. Sri Lankans flocked long lines to markets to pay prices 500 to 400 per cent higher than before more than a week of killing and burning erupted on July 23 between the majority Sinhalese and the Tamil minority. At the same time, the government attempted to assuage the extent of the devastation in large areas of the country's once-bustling towns and cities. Officials set the death toll at 283 and the number of homeless at nearly 80,000, most of them members of the Tamil minority housed in refugee camps around the capital of Colombo. As the clearing begins, Sri Lankan Lands Minister Gamini Dissanayake

movement. The majority United National Party approved hastily introduced legislation outlawing the Tamil United Liberation Front, TULF, the largest opposition party in Parliament, but it is intent on forcing a nation that is racist against the Sinhalese. Opposition politicians charged that Jayawardene's declaration is an attempt to placate the Sinhalese majority, and not an effort to improve communal relations. Former Socialist prime minister Sirimavo Bandaranaike, for one, said that the measures indicate that the government may now be "trying to find scapegoats."

The government has admitted that TULF was not directly involved in the recent violence. But Jayawardene's decision to outlaw it dealt a serious blow

another. Jayawardene said officials have suggested that a foreign power instigated the violence. They refused to name it, but the imprisonment of at least two members of the pro-Tamil Congress Party during the crackdown indicated that Jayawardene suspected Soviet involvement.

Jayawardene also equipped himself with rigorous censorship powers. And the government extended press controls by forbidding all reporting on refugees and the local population of overseas incidents that might inflame ethnic passions (such as an attack on Tamils in Paris last week by Sinhalese expatriates). As a result, officials expelled a United Press International correspondent after he defied the censors and transmitted a story dealing with a government appeal for foreign aid.

Meanwhile, echoes of the turmoil reached Sri Lanka's giant northern neighbor, India. There, news editors praised Prime Minister Indira Gandhi to take steps to protect Indian nationals and Tamils of Indian descent living in Sri Lanka. But Gandhi has carefully avoided giving the impression that she is willing to meddle in the affairs of another country. At the height of rioting she dispatched Foreign Minister P. V. Narasimha Rao to Colombo for talks with Jayawardene. Rao carefully offered emergency aid for the Tamils, including a ship to ferry refugees from the north-south to Sri Lanka's Tamil-dominated northern peninsula—an offer that was not accepted.

The destruction erased many of the economic gains that flowed from the government's free-enterprise policies in recent years. Meanwhile,

the condition of the refugees is pitiful. If the government continues to force the Tamil-dominated north, it will destroy that region's already fragile economy. On the other hand, if the Tamils are left to rebuild their lives amid the ruins of Colombo and other major cities, they may provoke further pogroms. Indeed, even if the country's resources and the world's political fortunes will be even harder to restore. Tamil political aspirations remain frustrated, and Jayawardene's repression may, in the long run, only fuel the ethnic hatred in an island divided by two bitter adversaries.

—JAMES MURPHY, in Colombo, with correspondents' reports.



McFarlane: failing to kill the Syrians on a troop pullback—or anything else

## LEBANON

### Under the guns of war

**F**urther U.S. Middle East negotiator Philip Habib was prepared to let his reserve. But his successor, Robert McFarlane, in even more intouch to Lebanon. And last week during his first official visit to Lebanon, McFarlane, President Ronald Reagan's deputy national security adviser, had to leave already began, and they claimed that convoys of military equipment moving north last week were part of the normal rotation of troops. But there was friction actively all along the Awali River, the new demarcation line in the north. Clashes of snare fire, fire-fighting, and other incidents, prearranged barracks and an airstrip were installed.

McFarlane's central objective is to convince Syria to begin withdrawing a pullback. But although he planned to go to Damascus at week's end after talks in Beirut and Saudi Arabia, the Syrians remained determined to keep their forces in their current locations. The state-controlled Syria gets repeatedly charged that the United States must alter its policies in the region—as well as changing envoys. Washington's predictable view of a UN Security Council resolution denouncing Israeli settlements on the occupied West Bank as illegal angered the Syrians even more. Meanwhile, the Israeli government's refusal of a Lebanese request to annex a townsite for withdrawing its troops, deprived McFarlane of a chance to convince the Syrians that the Israeli withdrawal pullback, announced last month, is the first phase of a full-scale evacuation.

The Israelis, convinced that Syria has decided not to withdraw, seem to be clinging on for a prolonged occupation of the Litani-queue-valley security zone which they plan to establish in southern Lebanon after withdrawing from the area around Beirut. Israeli spokesmen denied that the redeployment process was already begun, and they claimed that convoys of military equipment moving north last week were part of the normal rotation of troops. But there was friction actively all along the Awali River, the new demarcation line in the north. Clashes of snare fire, fire-fighting, and other incidents, prearranged barracks and an airstrip were installed.

Meanwhile, attempts to end Lebanon's series of wars were failed. An emergency session of the Palestine Liberation Organization's central council in Tunis called for new talks to end two weeks of three clashes between supporters and opponents of Chairman Yasser Arafat. But the rebels, reinforced by the defection of a key artillery battalion from forces loyal to Arafat, responded by opening another round of fighting in the Bekaa Valley. Closer to Beirut, leaders of battling Christian and Druse militias publicly rejected proposals that would have allowed the Lebanese Army to assume overall control after the withdrawal of the Israelis.

With the specter of a partitioned Lebanon looming larger, McFarlane's low-key diplomacy is about to undergo its most pressing test.

—BRIAN WRIGHT in Beirut.

## LIBYA

### Nose-to-nose above Sidra

**W**hen two F-4H fighters, launched from the decks of the huge U.S. nuclear-powered carrier Dwight D. Eisenhower, confronted a pair of Libyan MiG-25s over North Africa's waters, a dogfight seemed certain. Then, when the aircraft were within ten miles of each other last week, the Libyans suddenly turned east and returned to their base near Benghazi. The incident was all the more ironic because it took place at a time of strained relations in the region over the Chad civil war, and it followed a previous encounter between the United States and Libya. In a 1981 clash, U.S. F-4s downed two Libyan fighters in a battle above the Gulf of Sidra, which Libya claims as territorial waters. In last week's confrontation, U.S. defense department officials insisted that the U.S. aircraft were over international waters. But a spokesman for Libyan leader Col. Muammar Khadafi described the period as an "open provocation" against the Libyan Arab people, and he warned that if the Bushnoes sailed into the Gulf, Libya would sink the \$2,800-ton carrier.

Libyan forces were engaged in another front as well. In the neighboring nation of Chad, forces loyal to President Hissène Habré moved to regroup after a defeat during a Libyan-backed invasion last month by troops loyal to former president Goukouni Oueddei. Still, Goukouni's troops claimed to have returned to the offensive, threatening to reoccupy the northern town of N'gala-Libya. For his part, Khadafi charged that Libyan fighter bombers had already destroyed the town. Libya denied the charges. But Washington, denouncing what one official called a "contentious pattern of Libyan destabilization," announced that it was sending four military advisers with \$25 million worth of light weapons to train and equip Habré's troops. France has also sent weapons and ammunition to help Habré fend off the attack. At the same time, there may still be 1,000 men remaining in the region of Chad.

Beagle administration officials last week claimed that Khadafi wants to reinstall Goukouni as Chad's president, then use the Saharans as a base for expanding Libyan influence along the rest of the north-western Africa. But to do this, Khadafi will have to find a way of undermining the U.S. position—and that would require a high-risk gamble which even he is unlikely to make.



Devastation in Colombo: the crackdown leaves a serious blow to Tamil expatriates

pledged that the country of 15 million people will rebuild them "on the ashes of what was destroyed."

Still, it is unclear how the government of President Jenera Jayawardene plans to restore stable relations between the country's two warring racial groups. The administration first blamed political activists for the outbreaks, and Jayawardene charged that they were attempting to overthrow his administration. Then, he launched a sweeping crackdown, banning three Socialist parties and ordering the arrest of 35 leftist leaders. And in an even more controversial move, Jayawardene pledged to destroy the Tamil separatist

the Tamil expatriates and the 1986-87 movement. The majority United National Party approved hastily introduced legislation outlawing the Tamil United Liberation Front, TULF, the largest opposition party in Parliament, but it is intent on forcing a nation that is racist against the Sinhalese. Opposition politicians charged that Jayawardene's declaration is an attempt to placate the Sinhalese majority, and not an effort to improve communal relations. Former Socialist prime minister Sirimavo Bandaranaike, for one, said that the measures indicate that the government may now be "trying to find scapegoats."

The government justified its roundup of leftist leaders by alleging that they had manipulated the storm of ethnic hatred. To its degree, the government is merely setting people against one

# Beer: an industry comes alive

By Anthony Whittingham

*Hey, Mabel! Wouldn't a Dew do you good now? Carlsberg Light, all right! No and the boys and our St. Take off, eh?*

The images and slogans have passed from advertising jingles into the national folklore. Like the railways and the banks, the names of Canadian brewers stand as national icons. From long before Confederation,

old, tradition-bound and proud.

Canadian beer is a distinctive drink which does not taste quite the same as that of any other nation. Canadians rank a mere 15th among the heavy beer drinkers of the world (Germany leads) but they still consume enough to keep the brewing industry almost two per cent of the country's gross national product. And although final sales are not in, preliminary statistics indicate that Canadians drink more beer this year, but summer than during any

growth slowed to a near standstill. Last year it actually declined.

But now, along with the U.S. brewing giants, Canada's eight independent brewing companies are pumping millions of dollars into innovation, sales and marketing in order to broaden the base of the beer-drinking market. They are appealing to consumers on a variety of levels by attempting to persuade established beer drinkers to try new brands, to convince older segments of the population that beer is healthy, to attract affluent drinkers and to court

more women drinkers. The battle of the beverages is a contest of marketing skills that is unprecedented in the history of Canadian consumer goods. Says David O'Keefe of the J. Walter Thompson Co. in Toronto, chief national advertising agency for Labatt Breweries of Canada Ltd., "What we are seeing right now is the start of a full-scale Canadian beer war. Never before has the beer market been as competitive as it is today."

The change takes many forms:

- New beers—both new brands and new grades, led by low-alcohol beers and U.S. imports—are being introduced at an unprecedented rate.

- New packaging, alternatives—in the form of distinctive, pastel-colored bottles in different-colored glass—are giving consumers of Canadian beer their first choice in

bottles in more than a decade.

- New regulations—a prohibition for "local" or "home-made" beers over mass-produced national brands—has spurred the growth of smaller independent breweries in several parts of the country (page 32).

- New internationalism—with Canadian brewers discovering that Canadian beers are in great demand in the United States—has led to a surge in Canadian beer export sales.

For an industry that has been, by its



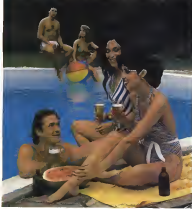
David O'Keefe (left) with Father, Montreal Chairman Philip O'Keefe. America's fourth-largest import

Canada's brewers have served an accessible building blocks of the nation. But suddenly this summer everything has begun to change. New ideas, new competitive vigor and new excitement have burst forth in Canada's \$4.5-billion brewing industry. Barging north from the United States, a tide of new marketing muscle has come crashing in as Canada's beer makers. These new forces are having a profound effect on the nation's leading brewers, and they are changing the face of an industry that is

three-month period since Confederation. For all that, the brewing industry in recent years has suffered difficult times. Through the 1970s, Canadian consumers changed many of their old habits. Drinking patterns shifted. Many former beer drinkers are now drinking wine. In an era of growing health consciousness and concern for physical fitness, many people are simply drinking less alcohol altogether. The impact on the brewing industry has been depressing. During the past five years,



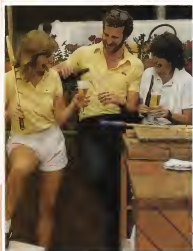
Miller plant; consumers' icons



own admission, almost asleep for well over a decade, the burst of recent developments has been like an injection of carbonation into a beverage that was getting flat. Says William Bourne, senior vice-president at Toronto-based Carling O'Keefe Breweries Ltd., "There is simply no doubt that this industry is more sophisticated today than it was even a couple of years ago. For years we recorded awareness as makers and sellers of beer. Now we realize that we are going to be in the whole beverage/alcohol industry, where the stakes are much higher and the competition much stiffer."

But the most striking recent example of change has been the successful introduction into Canada of two leading U.S. beer brands. The launch two years ago of Budweiser beer by Labatt Breweries of London, Ont., under license by U.S. brewing giant Anheuser-Busch, Inc. and this summer's splashy launch of Miller High Life beer by Carling O'Keefe Breweries of Canada Ltd. have represented two of the most significant—and disruptive—events in Canadian brewing history.

The phenomenal initial success of Miller beer in Canada—a whopping 18-per-cent market share in less than three months—is expected soon by rival brewery officials to be a watershed event in current brewing strategies. Re-



Parsons (right) and Miller (left) show ideas and new competitive vigor

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perts concede that Miller benefits from the Canadian consumer's new desire for a "lighter" taste, a distinctive bottle and an "American" image. For its part, Budweiser now commands an estimated five per cent of Canadian beer sales.

Negotiations between Carling O'Keefe and Milwaukee-based Miller Brewing Co. began in March, 1983, several months after Budweiser arrived in Canada through a joint launch by Labatt in Alberta. As with Labatt, Carling signed a licensing agreement with the U.S. brewery to produce beer to certain U.S. specifications, including imported, but otherwise modified to meet Canadian brewing standards. In return, the Canadian company pays royalties amounting to a one-half share of the Canadian profits to the owner of the trademark in the United States. The arrangement is a pioneering development for independent Canadian industry, which has traditionally done little to

capitalize on the desire of foreigners to sip beer in Canada other than to cry—and often fail—to compete directly with newcomers.

The invasion of U.S. brewing ideas has been as important as the introduction of brand names. Most notable is the new category of low-calorie, low-alcohol beers, which entered slowly in the United States during the early 1970s but exploded into a major phenomenon starting in 1975 when the Miller company decided to put its marketing might behind its own line of Miller Lite. Other light beers had attempted to position themselves as beverages suitable for women and all weight-conscious beer drinkers, but Miller Lite attacked the market head-on, attacking the beer industry by targeting heavy beer-drinking male consumers—and succeeding. Now, in the United States 48 brands of light beer are available and command an impressive 30 per cent of the \$20-billion market. In Canada, light beers were introduced in 1978 by Labatt with its

Special Lite brand. But brewers have not pushed the brands, and as a result they occupy only an estimated 30 per cent of Canadian beer sales.

Market analysts attribute much of the current ferment within the Canadian and U.S. beverage industries to Miller's bold moves. That activity prompted Anheuser-Busch to route a sell-off to meet the Miller upstart. Each move has spawned another. And the North American beverage industry has never been the same. Still, despite the tumult south of the border, Canadian brewers were slow to change. Noted brewery analyst Lee Somers of Richardson Greenfields Ltd. in Winnipeg "Even with light beers our breweries took-pooch it as a passing fad fit for quiche-eaters."

But Canadian brewers were growing increasingly adept during that period at tapping the \$20-billion U.S. import market. Molson's Molson Breweries of Canada Ltd. had been quietly shipping beer to the United States for more than 30 years but the company began a concerted drive in the late 1970s. Currently, Molson's—a fully Canadian beer packaged for U.S. consumers in a green glass-crowned bottle—is the second-largest imported brand in the United States, after the Dutch-brewed Heineken Canadian beer, generally, now mainly all other foreign beer in the U.S. market.

The real surprise has been that Moonhead Breweries Ltd. of Saint John, whose Moonhead brand is only available in a few areas of Canada outside the Atlantic provinces but is sold in all 50 U.S. states and risks as the fourth-largest U.S. import. Indeed, Moonhead—whose attractive "woody" label showing a moose's head has earned it a small cult following in parts of the United States—became the first Canadian beer to advertise on national U.S. television as part of its sponsorship of the Elkhart Shore golf tournament this summer. "We have worked hard to get where we are," said President Derek Oland, son of a long line of New Brunswick brewers. "Canadian beers have developed a strong following in the United States, not only because of their finer taste but because of the image of the North as fresh and clean."

With Labatt Breweries also well launched in more than 25 states—in long-necked bottles with screw-off bottoms—and Carling O'Keefe about to enter the U.S. market with Calgary Export Ale (as part of its reciprocal licensing agreement with Miller Brewing), Canadian beer makers now command a solid one per cent of the entire U.S. beer market, representing sales of \$174 million annually. And the market share in growing. Molson Deputy Chairman and chief shareholder Eric Malcom

says that exports to the United States from a key component of the Molson growth strategy. He adds that the company has already commenced substantial plant expansion plans in Missouri to service the growing U.S. market. (Last week's attainment of Molson's first strike in the company's 150-year history will permit construction of the expanded plant to continue.)

Despite their success in the U.S. market, the main battleground for Canadian brewers remains in Canada. But the rules differ dramatically from the United States', largely in the area of government regulation. There has been a growing trend toward deregulating provincial liquor laws throughout much of Canada, but the province still imposes severe limits on the behavior of the breweries—and on the consumers who drink their product. Until last month it was illegal for an individual to drink beer in his own backyard in Nova Scotia, and for decades it was illegal to drink standing up in Ontario bars and taverns. Indeed, from the perspective of the breweries, the only regulation that seems to work distinctly to their advantage is the standard pricing policy adopted by every province except Alberta—barring the price of beer increases from damaging price wars. "You talk about a beer war going on," said Montreal industry analyst Martin Kaufman of Neillbit Thompson Bagnall Inc. "You will notice that the prices are not going down. It is not what I would call a war."

Three provinces—Prince Edward Island, New Brunswick and Saskatchewan—ban alcohol advertising on television and radio, and all provinces have strict rules governing advertising of all forms. One of the few areas in which breweries do have a relative free rein is promotional and sponsorship. Between them, Canada's Big Three brewing companies—Labatt, Molson and Carling O'Keefe—own four major Canadian sports teams (the Montreal Canadiens and Quebec Nordiques, the Toronto Blue Jays and Toronto Argonauts) and a number of smaller teams. In addition, the breweries sponsor a huge roster of tournaments and other sporting events, ranging from long-distance cycling to downhill skiing.

Though the breweries spend more than \$60 million on advertising every year, when it comes to actually selling beer—over to sports fans—breweries are once again under the control of provincial packaging and distribution regulations. The Canadian "keg" beer bottle, adopted as an industry-wide standard in 1961, has generated an enviable record of environmentally sound, reusable bottle returns. But some critics argue that this long-standing regulation robbed the consumer of choice. The

draconian regulation does encourage this summer when rules were finally relaxed to allow each brewery to sell two brands in nonimporting bottle sales. (The rule was quickly overturned by Miller, John Labatt, Carling and Anheuser-Busch, who claim that consumers do indeed want a choice.) Government regulation does encourage a bypass use of regional beer loyalty (there are 137 beers brewed from coast to coast) because provincial legislation makes it almost certain that no Canadian will ever see more than a few dozen in his home province. With the single exception of Prince Edward Island, which does not have a brewery, most provinces will not allow beer to be sold at "dive" prices if it is not brewed within the province. The regulations mean, for one thing, that most Canadians outside Newfoundland will never know the glories of local Denzies Ale, so favored by poet E. E. Cummings that in 1972 he wrote the ode

*Denzies, O Denzies*

*O golden frothy brew*

*Where on Sunday mornings would I be*  
*If not for you?*

Breweries are fiercely aware about the all-important question of "market share"—the indicator of a beer's gross sales. Though no defective law exists, the industry consensus is that Canada's top-selling beer is Labatt's Blue, backed by one of the most ambitious and expensive advertising campaigns in Canadian brewing history. There are roughly eight other leading national brands: Budweiser and 50, also from Labatt, Carlsberg, Old Vienna and, more recently, Miller, all from Carling O'Keefe; and Canadian, Export and Golden from Molson.

Although tastes are beginning to change, throughout most of the 1970s Canada's Big Three, which control 87 per cent of Canadian beer sales, were locked as an almost static sales conglomerate. Labatt led the way with 37 per cent of the market, followed closely by Molson with 33, with Carling O'Keefe far behind with about 20 per cent. Those were stagnation times for Carling, a hybrid conglomerate, assembled by financier F. F. Taylor under the name Canadian Breweries during the 1950s. At its peak in the early 1960s, it controlled more than 50 per cent of the Canadian beer market.

The 1970s were lullaby years for the Big Three in their brewing operations, but they were years of significant change in corporate structure. After successfully gauging the slowdown in overall Canadian beer consumption, each company decided to use the cash flows generated by beer sales to diversify into nonbrewing activities. Labatt, now the





Trotter brewer David Bruce Thomson (left) and partner Donal de Wilson, Eschelon.

## A B.C. return to real ale

British tourists who wander into The Trotter, a waterfront pub in Glenedenby Bay near the B.C. Ferries Terminal in West Vancouver, will get a strong reminder of home when they ask for a glass of local beer. The amber-colored beverage in the mugs in Bay Ale, a sharp-tasting drink made in a small brewery near the pub and modelled after English "bittern." The Trotter, which has been selling its own ale for just over a year, is one of Canada's first cottage breweries. Bay Ale now accounts for 40 per cent of the beer sold in the 80-seat pub, a drinkers' endorsement of a trend emerging throughout the province toward the production of specialty beer by pubs and small breweries. The move to backyard brew began in 1985, when the provincial liquor board approved The Trotter mini-brewery.

New Victoria, another pub, the Pacific Beer, will soon draw its own lager, and one of the three partners who started The Trotter plans a smaller pub-brewery in Victoria itself. As well, three small breweries in the Vancouver area are preparing to supply neighborhood taverns with specialty beer—one of them delivering kegs in carts pulled by brewery workmen.

The makers of the boutique beers boast that their product is closer to traditional European beer because it contains none of the preservatives that large companies put in their products to prolong their life. "Canada has been in a beer desert for the past 40 years," said John Mitchell, the Trotter partner who hopes to be selling his own beer in a new Victoria pub by Christmas. "There was just no excuse for the lack of choice in

draft ale in the past, and now British Columbia is leading the way back to real ale." Two years ago Mitchell discovered the consumer revolt against mass-produced beer in his native England and he made a special pilgrimage to Britain's first remaining original pub-breweries (there were 12,000 a century ago). Enthrilled by what he found, he obtained permission to brew from the B.C. liquor board.

Another new company, Mountain Ales Corp., a small brewery in the Vancouver suburb of Skerry, will be selling 2,000 gallons of malt ale each week to five nearby pubs by the end of the month. That is clearly not a threat to the 12-outlet-gallon annual production at Melton Brewery's Vancouver plant, but President Ralph Berman insists that everyone will benefit when his brewery starts operating. "It is good for the people of British Columbia," he said. "It is another flavor of beer and it will be good for the whole industry." That conviction is shared by Larry Shandwood, vice-president of Vancouver's Granite Island Brewing Co., the firm that will use hand casks to deliver its Bavarian-style lager to nearby pubs next March. "What is not in our beer will make it different," he said. "It is just water, hops, malt and yeast, and we will be following the old Bavarian purity laws."

The Granite Island brewery's financial supporters are also confident that their investment of \$1 million will pay off. They, and increasing numbers of B.C. drinkers, believe that the future for specialty ales and beers lies in the brewing methods and traditions of the past. —MALCOLM GRAY in Vancouver

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largest of the three both in brewing and overall operations, chess food and agricultural products and it currently earns more than half of its total profits from these nonbeverage operations. The activities range from Pine Zest and Realist dairy products to Molson's Biskeries and Biskeries cheese. Last week the company continued its diversification by buying Ontario-based Kilnwood distillers for \$10 million.

During a takeover battle in the 1980s, Labatt almost sold out to the then mighty Schlitz Brewing Co. of Milwaukee (a company since run by the names of Miller and Beck's Brewing Co. of Detroit). Labatt is now effectively controlled by Bracon Ltd., a Toronto-based holding company owned by financiers Peter and Edward Bracon (whose cousins control the Degeus Co., one of the largest and most powerful wine and spirits manufacturers in the world).

Molson, founded in Montreal in 1796, has the distinction not only of being one of Canada's oldest indigenous companies of any sort, but also the oldest brewery in North America. Molson is also a public company, with several thousand shareholders, but it is unique in that it is controlled by members of the Molson family, notably Eric Molson, the company's 52-year-old deputy chairman, who has both a chemistry degree from Princeton and a diploma in brewing. Molson also diversified during the 1980s into subsidiaries: Beaver Lumber and a chemical-manufacturing company, Diversy Corp., now generates about 30 per cent of the company's overall earnings.

Carling O'Keefe, the most varied history, is the hybrid of locally made ales and amalgamations of small regional breweries across Canada—most of them under the Canadian Breweries banner in the 1950s. Carling's distribution in the last six decades, among the Big Three, with its old and new subsidiaries, Star of Life and its Niagara Valley-based Jordan Valley Wines in Ontario contributing about 14 per cent of company earnings. Carling also keeps the distinction of being the only "large-owned" brewery among the Big Three because the controlling interest is held by the London-based Hoffmann group, a multinational tobacco conglomerate.

Five breweries share the remaining three per cent of the Canadian market. All of them are tiny by comparison, but each manages to survive on its own small market niche. In addition to Moosehead in New Brunswick, Hockey Monarchs Brewed Ltd. in Red Deer, Alta., and The Old Port Brewing Co. Ltd.

in Prince George, B.C., there are two others located in Ontario. Northern Breweries Ltd. of St. Catharines, Ontario, owned by company employees, has been in the brewing business for several decades. And the newest arrival in Canada is Arsenal Brewery Ltd. of Hamilton, owned by the great Hatzidakis family, brewers emperors of the Netherlands.

Amid all the changes, what has become clear, particularly recently, is that the rules of the game for Canada's breweries in 1985 are not the same as they were during the 1970s. Among the Big Three, market momentum has already begun to swing noticeably in favor of Carling O'Keefe. The former weak water has already gained several market points at the expense of both Labatt and, particularly, Molson, partly because of Carling's success with Miller Lite.

Molson so far has resolutely refused to follow the lead of its two competitors by introducing U.S. beer into Canada. Eric Molson acknowledges the tidal waves of Miller and Redwings in the Canadian market. But he insists that the Molson company "does not wish to go that route." Molson is also the only company among the Big Three that has not yet taken advantage of the new regulations permitting beer to be sold in unconnected bottles. Although company spokesmen will not speculate on the subject, the company's landmark 200th anniversary is approaching in less than three years, and most brewery watchers are expecting an outburst of activity—including a "premium" brand to compete with the surprisingly successful Jack Labatt Classics introduced this summer in Ontario and aimed at the "upscale" beer drinker who might otherwise be drinking Heineken, Lowenbrau or some other imported brand name. "The beer market in Canada is used



Canadian beer for sale in New York: a tide of new marketing moves

to be so simple," said Public Relations Director Reginald Bevan of Carling. "It used to be split right down the middle of Yonge Street in Toronto. East of Yonge Street they drink ale and west they drink lager. It's nothing anymore, it's all close to that anymore."

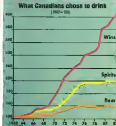
The change in Canada mirrors precisely the so-called "market segmentation" that occurred in the United States starting in the mid-1970s. For the most part, ale, the darker and more full-bodied of the two, has declined sharply in popularity to higher-tasting lagers, although ale still constitutes a healthy 35 per cent of total Canadian beer sales and fully 65 per cent of the market in Quebec, but as the trend toward light beer continues in all products, the shift is being widely commented on as well. "It is damned hard predicting what today's consumers will like," says Molson's Ontario vice-president of public affairs, Alex App. "Sometimes it is even harder keeping them loyal to a product they

have always liked in the past. We used to advertise Molson in Quebec as the beer your grandfather/therapist drank." Today's young people would much rather drink the beer their peers approve of." For his part, Bevan of Carling O'Keefe adds, "When you think of it, who could have imagined 10 years ago selling U.S. beer in Canada? Everybody thought of it as the next thing to refresh. If we had tried it back then, we could not have even given it the stuff away." Now, U.S. firms are commanding increasing attention from Canadian brewers. For the drinkers of Canada it may bring with it a refreshing backlash—greater choice within the marketplace, new tastes, new bottles, advertising with even more splash and sparkle. For the brewers, the prospects are less rosy. They face greater pressures, higher marketing costs and a greater risk of failure.

The real test will be whether in the long run Canadians remain loyal to the taste that has always made Canadian beer unique.

With the blender, three-year-old U.S. beer already commanding more than 15 per cent of the Canadian beer market, some analysts suggest that Canadian beer will have to become more innovative in taste. Says Eric Molson: "Not if we have anything to do with it." To which Canadian beer drinkers would say: "Beatty, eh."

With Anne Bevan in Montreal, Peter Bevan in Toronto, Randolph Joyce in St. John's, Stephen Kibben in Halifax, Bruce Lawrence in Vancouver and Les Shipley in London.



## America's top 10 imported beers

Brand (Country)	Cane sales (millions)	% of import market
1 Heineken (Netherlands)	30.5	28.4
2 Molson (Canada)	14.2	17.8
3 Beck's (Germany)	6.2	7.8
4 Macdonald (Canada)	4.8	6.2
5 Labatt (Canada)	4.7	5.9
6 Don Egus (Mexico)	2.1	2.5
7 St. Pauli (Germany)	2.0	2.5
8 Carlo Biere (Mexico)	1.9	2.4
9 Germania Hop (Belgium)	1.8	2.3
10 Tecate (Mexico)	1.2	1.5

Total imports: 79.4 million cases  
Total U.S. sales: 2.5 billion cases

Don Macdonald Management Services Group, Montgomery Ward, 1984 survey. 1985 figures.



Jewish Crutchfield (below) wearing the public garb from the Bell's system

## CONSUMERISM

# Pay phones for the home

By David Hayes

When the Distar Telephone Co. of Haverhill, Ont., opened Canada's first telephone exchange by stringing wires to trees and five alarm bells in 1876, it started a communications revolution that would profoundly influence the nation. Two years later Parliament provided for the creation of the Bell Telephone Co., now known as Bell Canada Enterprises Inc., and generations of Canadians soon then have grown accustomed to an inexpensive flat-rate telephone system that exists in the United States and remains unique in the Canadian industry now suggest that the entire flat-rate concept may be abandoned.

Recently, Bell Canada, which operates telephone systems in Ontario and Quebec, revived a previously rejected idea of replacing local flat rates in parts of these provinces with a measured service or Usage Sensitive Pricing system. Rateholders could pay a fee for each call they make and be charged on the basis of how long they talk, both of which are common practices among telephone systems elsewhere in the world. A 16-page questionnaire that the company distributed to 16,000 subscribers this summer includes several questions on the acceptability of such a change.

Four years ago a flood of consumer protests greeted Bell's initial attempts to introduce the scheme. The outrage produced by the news that Bell wanted

to set up a trial of measured service convinced the company to shelve its plan. Now, says a Bell spokesman, the company is merely "testing the waters" with the new questionnaire. Still, consumer groups and communications experts contend that Bell has made a long-range commitment to change the traditional local flat-rate system. And if that is the case, they fear that telephone companies on other parts of the country would quickly follow Bell's lead. In fact, Alberta Government Telephone is already preparing to introduce local measured service for business users by 1990.

The full impact that measured service would have on business and residential telephone users is not yet clear. But new forms of competition in the United States that have caused long-distance rates to drop significantly have also disrupted the historic subsidization of local rates by long-distance calls. The situation was further complicated when the giant American Telephone and Telegraph Co. last week agreed to divert itself of 28 regional telephone operations, which provide 60 per

cent of the local service across the United States, by Jan. 1. That development came as a result of an antitrust settlement reached last year. Many of those smaller companies, with incomes depending on traditionally subsidized telephone rates, will inevitably be underfunded.

In fact, the operation of AT&T's long-distance division from these local surpluses has already prompted many of the companies to apply for permission for rate increases of as much as 60 per cent. Interestingly, local and state authorities are under pressure to permit the use of various measured-service systems, which are now in use in 12 per cent of households in the United States. They bill subscribers according to the number and duration of outgoing calls, and some also offer low-income households a low-cost "lifeline" service, in which a minimum monthly fee permits the subscriber to make a small number of local calls.

Still, the near-pay system raises serious questions about the nature and accessibility of communications in the future. Eric J. Schwendler, chairman of the Michigan Public Service Commission, for one, warns that local rates could increase by as much as 200 per cent because of the AT&T divestiture. And that, he said, might result in "as much as 15 per cent of the public dropping the service entirely." In Florida a proposal for measured service provoked a 600,000-signature petition urging the state to reject the system.

Because of U.S. consumer resistance and concerns that some users may be shut out of the telecommunications revolution, legislators have already introduced 16 bills in Congress. Most of the legislation is designed to promote the concept of universal telephone service. Some of the bills call for the collection of funds from long-distance carriers and long-distance telephone users in order to subsidize local telephone systems.

In Canada the political pressures in favor of the flat-rate system could weaken as a result of the U.S. and Reid Donald Crutchfield, Bell's vice-president of corporate communications. "There is a tendency in Canada for our regulators and government to swing the other way," he says. "The United States and follow." In fact, Bell Canada has never expected local telephone service to be profitable. From its beginning, it was kept on the edge of buying and making a

telephone law to encourage sales, and it has financed its operations but highly efficient flat-rate service with substantial revenues from long-distance tolls and its profitable equipment trade. But that cross-subsidization began to break down in the late 1970s under the combined pressures of rapid technological advances in telecommunications and regulatory rulings that eroded the Bell system's near monopoly of the telephone industry in its area.

New consumer advocates are concerned that Bell is developing a new corporate strategy that could dramatically affect local telephone operations. A major strengthening of Bell's \$10-billion empire, officially completed last April, removed the company's northeastern operations from the control of the federal watchdog agency, the Canadian Radio-television and Telecommunications Commission. Industry observers believe that the subscriber survey that Bell sent out this summer could be an opening move in a new bid to win the public gently from the traditional flat-rate system. They also point to a detailed seven-part series that appeared recently in Bell's in-house newspaper, which employed measured services and explained the measured-service system to Bell's 50,000 employees. Reid Haddon Jewish, a professor of communications law at the University of Toronto, says, "Clearly, Bell is trying to make a series of pre-emptive strikes, beginning with 'measured service.'"

Jewish believes that measured service is probably inevitable because of increasing long-distance competition, but the probability of "measured" service will be easier to cope with than the problem of overcoming public hostility to any change at all. In Alberta businessmen are already angry over what they see as an excessive rate increase—50 cents at 112 per cent for certain classifications of business use. The introduction of measured usage, creating the perception that businesses are supporting the residential service, will only increase their dissatisfaction.

Perennial opponents of measured service include consumer and consumer groups. Andrew Roman, an experienced editor of Bell Canada at current hearings. And the Consumers' Association of Canada is keeping abreast of the issue in anticipation that Bell will eventually reverse the plan in earnest. But even the U.T. of Jewish, who has represented consumer associations at CRTC hearings, admits that he is "in favor of [measured service], providing it is introduced in a wise and humane way." Still, if Bell's planners try to make changes without consulting the fully informed subscriber, "in three to four years you will have a disaster," he will be another public backlash. ☐

## MEDICINE

# A pioneering pregnancy

A leading research program, notable mainly for its abundant budget, cramped lab space and dependence on after-hours work by the doctors, researchers and technicians involved, has produced the first "test tube" baby pregnancy in Canada. The nine fertilization (fertilization, conception) is planned and subsequent embryo transfer to the mother's womb two days later was performed 12 weeks ago under the care of a 12-member team formed only a year ago in Vancouver at the University of British Columbia's Department of Obstetrics and Gynecology. Dr. Victor Gornel, the team director, worked until the expected mother had successfully completed the first trimester of pregnancy—when the risk of spontaneous abortion is greatest—before announcing the fertilization last week.

The expectant parents, whom Gornel described as extremely excited about the pregnancy, were not present when the announcement was made. Gornel said that the two people are somewhere in British Columbia and that they hope to shield themselves and their future offspring from the inevitable glare of publicity by remaining anonymous. "Would you want your child to be labelled a test tube baby?" asked Dr. Betty Polansky, the team's co-ordinator, who was present for the announcement. She said that the pregnant woman was suffering from stress and had told him, "I feel awful, and it's wonderful!"

If successful, the birth will not be the first case in Canada of an infant fertilized outside the female body. That distinction belongs to Cynthia Cole and Gregory Rankin of Oakville, Ont., who became North America's first IVF babies in March, 1982. But their mother became pregnant at a clinic in England operated by test tube baby pioneer Dr. Patrick Steptoe. As a result, the couple is the first to achieve in vitro fertilization within Canada, winning a friendly race with another IVF team at Laval University in Quebec. Gornel is a friend of Jacques Rivest, the director of the Laval program, but he did not mention the upcoming pregnancy in a letter he wrote to Rivest just five days before last week's press conference. Rivest, who said that he was delighted when he

heard of the event. "Naturally I am disappointed that we are not the first," he said, "but this puts Canada in the big league of countries that are involved in IVF."

The same caution is characteristic of other areas of the program, which is open only to healthy, married British women under 35 whose fallopian tubes are as damaged that fertilization cannot take place in any other way. The team has avoided the ethical and moral



Polansky and Gornel avoiding the ethical debate

debate swirling around IVF programs in Australia and other countries, where fertilized human embryos have been frozen for later use, stored, at one or three years are taken from each woman and, if successfully fertilized by the father's sperm, all are returned to the mother's womb. "We are not doing experimental stuff that may be viewed with skepticism," said Gornel, who hopes that the program will be able to attract research grants. So far, it has been operating without a budget, but participating couples who can afford it are asked for a \$100 "donation." Given a 16-per-cent live birth rate with IVF programs worldwide, GBC researchers are confident the results will be solid. Gornel: "We have to accept the excellent of luck."

—MALCOLM GALT in Vancouver



## Danger on the waterfront

Polluted lakes and rivers have become so commonplace in Canada that for many best-of-living city dwellers a relaxing plunge at the beach is nothing more than an image in the old family album. High fiscal coliform counts last week forced the closure of the largest of the four public beaches within a short driving distance of Montreal, on Okoua, on the Ottawa River. Another, at Beauport, will probably close soon.

Before 1965 damp a mixture of sewage and storm runoff creased into the lake and rivers in the Toronto area. And, as Fred Fletcher, supervisor for the Great Lakes section at the Ontario ministry of environment: "We expect there are illegal connections from trailers to homes or industries to storm drains."

Two unusual factors have contributed to this year's high pollution counts. The

far beyond the acceptable level of 100 organisms per 100 ml. of water. One water sample taken at popular Woodbine Beach in the east end registered an astounding 31,300, and elsewhere the levels were three to six times above normal. Those who dared to swim risked eye, ear, nose, throat and gastrointestinal infections, as well as infections in any open sore.

The warning signs appeared not only at City of Toronto beaches but also in the boroughs of Halton Hills and Scarborough and in the City of Mississauga, to the west. By last weekend Humberick had declared all available swimming areas along a 30-km stretch of Lake Ontario unsafe, warning only two beaches on the



Like Toronto's beaches, closed beaches, filthy water and a cross-Canada canoeing for heavy rain

first in the weather—not only hot but also the city's driest June and July since 1899. As a result, the rivers and lakes have not been naturally flushed out.

"The rivers do not move, and the water remains stagnant," said Environment Canada chairman Thomas Meyer. The second reason is that the method of testing has changed. Until this summer city inspectors took test samples anywhere from 20 to 100 feet from the shore in Lake Ontario, but this year they moved into the shallows. "Water near the shore is what we are concerned with," said Dr. Trevor Hansack, one of the city's associate medical officers of health. "That is where it is stagnant and that is where toddlers play."

The testing showed that the fiscal coliform count—a measure of pollution from human and animal waste—was

outside of the islands surrounding Toronto's harbor.

Otherwise, civic authorities seemed powerless. The cleanup "is going to be a long and tedious process," remarked Frank Horgan, Metropolitan Toronto's commissioner of works. Waste crews checked on industries for improper drainage. But with more than 30 storm and combined sewer systems in four municipalities under suspicion, they faced an enormous task. At the Beaches Winderfield School in Toronto's east end, however, instructor Deane Wilson, 33, had time to do. "Usually we rent 20 boards out," he said as he surveyed a near-deserted waterfront. "Today we have rented three. I don't know who to blame, but it sure makes you wonder about progress."

—JACKIE BARNETT in Toronto.

## The EPA defines acid rain options

The protracted international dispute over acid rain—a serious environmental problem and a major cause of friction between Ottawa and Washington—may be approaching a practical solution. Last week Environmental Protection Agency (EPA) Administrator William Ruckelshaus received a 300-page staff report on the issue, outlining eight options for reducing sulphur dioxide (SO<sub>2</sub>) emissions, which most scientists regard as the principal cause of acid precipitation. Ruckelshaus will select one or a combination of these choices, and by month's end the Reagan administration's cabinet council for natural resources and the environment will debate his recommendation and adopt a formal position on the controversial question.

The EPA action paper, the result of an agency task force study on acid rain, sets out a broad range of corrosive strategies. The administration is required to favor the least interventionist recommendation, a proposal for a four-million-ton-per-year reduction in SO<sub>2</sub> emissions. The staff report clearly tries to steer Ruckelshaus toward more ambitious programs, noting that the four-million-ton approach might not "permit recovery or prevent further damage" in the northeastern states, Quebec and Ontario. The most effective strategy would aim for a 50-per-cent SO<sub>2</sub> reduction in the states most affected by acid rain, along with a similar reduction in Canada.

That is the option favored by Canadian authorities. "We don't know what Ruckelshaus is going to do," said Peter Sesselin, executive assistant to federal Environment Minister John Roberts. "We can only reiterate our position and hope that the American path for an overall 50-per-cent reduction in emissions by 1995."

Few observers believe that the administration will send its own legislative proposal to Congress instead. The president will likely stake out a position based on the study, then listen to his political allies. The lobby for whatever bill he finds most acceptable there are already more than a dozen acid rain bills or amendments before Congress. But the White House could also kick any bill from being passed if it just—or most—because in 1984 congressional will be too busy dealing re-election to act on controversial issues. Eventually, though, acid rain legislation will pass, and the questions that now remain are how tough it will be and who will pay its price.

—MICHAEL PUGH in Washington.



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Sumonthan's mother works hard as a farmer—but the family simply can't make it alone.

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I can't become a Foster Parent right now, however, I enclose my contribution of \$

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100 St. Clair Avenue West, Toronto, Ontario M5V 1P6

100 St. Clair Avenue West, Toronto, Ontario M5V 1P6

100 St. Clair Avenue West, Toronto, Ontario M5V 1P6

# Putting the brakes on the U.S. dollar

By Ian Austin

The outbreak came with little warning. In international monetary circles, speculators said Washington will likely have to raise interest rates in order to tighten its money supply. The reaction was swift as the rumor flashed through the computer and telephone network that forms the 24-hour-a-day world currency market. In trading on Aug. 1 alone the already high-flying dollar soared to record levels against most world currencies. Then the unexpected happened. As the dollar continued to climb it became apparent that President Ronald Reagan's administration had dropped its hard-line free-market stance which favors allowing the dollar to float freely and joined forces with West Germany, France and Japan to get the brakes on the greenback's rise.

The United States, along with the other three nations, managed to hold down the dollar's value through massive selling of the currency in the first part of last week. But Washington's motives and future plans remain cloudy. Officially the administration denied that it had reversed its stance of not meddling in the world's money markets, but it provided no real insight into the nation's activities. Said White House spokesman Larry Speakes, "There is no change in administration policy. We always said that we would only intervene in case of disorderly markets, and there was a rapid fluctuation in the market." But most observers believed that, if



Bank of Montreal currency traders in Toronto: an attempt to make peace with Europe

nothing else, last week's events were a largely symbolic attempt to make economic peace with Europe.

The dollar's high value, and the high interest rates that support it, have been serious irritants for the Europeans. They argue that in order to maintain stable currencies they have been compelled to follow the U.S. interest rate lead. And that, they claim, is choking off the potential for economic recovery on the Continent. The continuing strength of the U.S. dollar, warned French Finance Minister Jacques Delors, could "plunge Europe into a still deeper crisis." Those complaints were voiced clearly at the Wilton House economic summit last May, and Reagan eventually agreed to allow his officials to work more closely with other governments to smooth out currency swings.

Some analysts interpreted last week's action as being a reflection of that increased co-operation. But others were more skeptical. Ed DeBorja, University economics professor Eric Kirman, "It's just putting a finger in the dike."

Indeed, as the intervention eased and the dollar started back up last week, the multinational effort appeared to have been ineffective. Peter Martin, the Toronto-based chief economist for MacDonald Young War Ltd., noted that the governments, faced with a world market that commands far larger funds than they do, "cannot in the end override the market mechanism." Adds Françoise Sorens, head corporate trader for Credit Lyonnais in New York: "The central banks may have bought a little bit of time with their intervention, but basically they are losing against

the world. The world is for a stronger dollar, and there was no holding it." Still, Martin conceded that the intervention may have averted some unpleasantness. Already, he said, it has cooled some of the speculation. Added Martin: "It will make more people think twice about constantly going in and buying U.S. dollars. They could well get burned in the future." G. Fred Bengtson, director of the Washington-based Institute for International Economics, argued that it may be too early to evaluate the joint effort. A well-planned and fully carried out intervention effort, he said, "can prevent things from getting worse."

Meanwhile, many experts agree that the currency is indeed valued too high for the United States' own best interests. Bengtson, for one, said that if the dollar is compared to the U.S. trade record, the currency may be as much as 20 per cent out of line. Clearly, the dollar's inflated price has made the products of hard-hit U.S. industries less attractive to export markets. Thus, in turn, is leading to a wave of protectionism in the United States which could hurt all for Canada and other exporters. Indeed, about the only groups to realize any real benefit have been North American tourists who now have increased buying power abroad.

The Canadian dollar remained stable last week, as it has for the past five months, and Kirman contended that keeping it at that level has been a costly exercise. To hold the Canadian dollar's value at the 81-cent (U.S.) range, the Bank of Canada has maintained interest rates slightly above those in the United States. That, said Kirman, means that Canada has effectively given up control of its own monetary policy and, in the process, helped to weaken Swedish currency. "We're acting like the U.S. Federal Reserve Bank," said Kirman. "If we're not going to start looking after ourselves, what's going to be for us?" (While the Bank of Canada will not comment on its participation in last week's intervention, the consensus seemed to be that it played no part. "It is too small a player," says Martin. "Also, it probably does not have any U.S. dollars to sell.")

Most dollar watchers agree that the foundation of the current high-dollar, high-interest-rate situation is a wave of the United States' vast \$200-billion government deficit as well as an influx of European investment. And with the Reagan administration committed to its costly arms buildup while government revenues continue to wobble because of reduced corporate profits, tax cuts and increased unemployment, it seems unlikely that the U.S. dollar is headed for a fall. ☐



Rayley: "we are the McDonald's—not everyone loves us but they know who we are"

## Importing a retailing success

At the first IKEA furniture store in Mississauga, Ont., business, at first glance, in a secondary location. Five-year-olds regard emotionality as the "bad room," while older children gaze at the latest video cartoons. At the same time, adult shoppers can stop wandering through showrooms filled with reasonably priced Scandinavian-designed bedrooms, bedrooms and living rooms to drink a cup of coffee and sample Swedish baked goods. But behind the low-key facade IKEA is very serious about business.

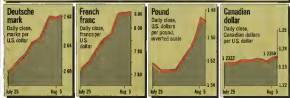
Each year about 20 million customers buy everything from \$1 wooden Swedish spoons to \$2,000 kitchen kits at IKEA's eight Canadian stores. Estimated sales for the fiscal year ending this month are \$75 million. At the same time that department stores in Canada have reported furniture sales down by 20-25 million and chains such as Lord's Furniture Ltd. have experienced a 30-per-cent drop, IKEA's Canadian operation is experiencing a 25-per-cent growth. Indeed, IKEA is so encouraged by its successful foray into North America that it is currently planning to enter the U.S. market from its Canadian base. "We appear to be more recession-proof than our competitors," said Björn Hagley, the 36-year-old head of IKEA in Canada. "It is difficult not to be cocky, but we are obviously doing something right."

Reas began exporting its Swedish designs and retailing know-how to Canada in 1976, when it opened a store in Halifax, B.C., although its franchise

stores were operating in Canada three years later, the parent company was disenchanted with its Canadian operation. "By 1979 the total external sales were a mere \$14 million," said Rayley. "It was not enough, and we thought we could do better." As a result, IKEA bought out the Canadian investors, took direct control of the operation and implemented its own marketing and advertising techniques.

That strategy has taken the company from a small rural mail-order business founded by Ingvar Kamprad in Sweden in the 1940s to its current status as a conglomerate with 40 stores in 18 countries. IKEA came from Kamprad's initials and the name of his farm, Elmtaryd, and village, Agunnaryd. Following its European method, IKEA's Canadian stores were situated in suburban areas that benefited from lower rents and access to large urban markets. Labor and transportation costs are kept down by virtue of the fact that customers pull their unassembled furniture from the warehouse and carry it home themselves. Any irritation at the system seems to evaporate when the buyer sees the prices. The ultimate showcase of IKEA's efforts in Canada will be the new \$10-million Vancouver store scheduled to open in October. Complete with a quarterly room for children \$124 with books and drawing materials, disappearing rooms and a 350-seat restaurant, the Vancouver store will prove the pattern for all future North American stores. "We have imported Scandinavian design into Canada," says Ray-

## Tracking the U.S. dollar's rise





ly. "But we also wanted to import the retail shopping experience that you find throughout Europe. We want families to come and spend the day here."

However, entrepreneurs and Swedish gastrocnemius aside, advertising the IKEA name and product range in Canada became the most important factor in the company's growth plans. The firm imported 2.5 million copies of the annual IKEA catalogue (compared with 200,000 copies distributed in 1979) and claims that more than two-thirds of Canadian households in the marketing areas received the glossy publication. "In Sweden, IKEA is an institution," said Bayley. "We tried to make the same thing happen in Canada. Now we are like McDonald's—not everyone loves us but they know who we are."

But it is IKEA's modest prices that continue to be its best advertisement. Despite inflation, IKEA has managed to keep prices relatively stable over the past three years. It was the lower cost that impelled Ernest Depaite, a 35-year-old businessman from Sudbury, to travel 400 km to IKEA's Toronto store to purchase a new kitchen. "We were renovating, and I had been shopping around," said Depaite. "In spite of the time and transport costs, IKEA will come out cheaper for the quality offered." Increasingly, the Swedish firm has benefited from just such careful shopping habits. "In restaurants, any three people look for quality at an affordable price," said Donald Tigert, retail analyst for Burns Fry in Toronto. "Throughout the entire retail sector, it is what is being termed the 'new wave, upscale discount' effect that has become the fastest area of growth. Compelling the IKEA have found the right market for the 1980s."

Having found it, IKEA is heading southward to serve it. "We had been looking at the U.S. market for a while," said Bayley. "Now that we have the Swedish Canadian experience, moving into the United States has become our number 1 priority." IKEA plans to be operating in Philadelphia, Washington or Boston by the end of 1982 and, if all goes well, it should have 10 stores in the U.S. area within 10 years. In anticipation of new business, IKEA recently opened a new 100,000-square-foot North American distribution centre in Montreal. The expansion will be welcomed by Canadian manufacturers, who currently supply 30 per cent of IKEA's Canadian products, mostly wooden furniture. "We look for manufacturers wherever we go," said Bayley. "The entire Canadian manufacturer will have a direct advantage when we expand, as they will provide what we want." And there is little doubt that IKEA knows exactly what it wants.

—ROSEMARY McKEAT in Toronto



Moore and Evans: changes of conflicts of interest, firm denies

## The sprouting of a scandal

**T**he firing could not have been more embarrassing. As provincial legislators that would require public officials and their stock of son to disclose their assets was making its way through the legislative process, Manitoba's new government faced a conflict of interest. William Moore, president of the A.E. McKennie Co. Ltd., one of the province's oldest and most visible Crown corporations, has been accused of a serious conflict of interest in operating the giant seed business which controls 80 per cent of the Canadian packaged seed market under the label McKennie-Seed-Ries.

Progressive Conservative M.L.A. Brian Ramsay alleges that Moore was not only a part owner of two buildings leased to the seed company but that he was also the major shareholder of Vantage Western Data Systems, a firm that leases McKennie a computer system for \$8,000 a month. What is more, Ramsay charges that McKennie's assistant controller, Louis Bejval, and the company's vice-president of finance, Charles McEachern, were directors and founders of Agrisun Packaging Ltd., another company supplying on business with the seed company. Last month the McKennie board fired all three men without advance pay when they refused to resign.

Since its founding in 1966, McKennie Seed has dominated the prairie city of Brandon, employing about 300 of the city's 35,000 residents at the height of the packing season. The company was given to the province in 1945 by its

founder, A.E. McKennie, with the proviso that its profits should go to Brandon University. Moore, the firm's president for the past eight years, is also a prominent presence in the province. Not only did he run unsuccessfully for the M.P. in last May's federal by-election in Brandon-Souris but he has been a close friend of the minister responsible for McKennie Seed, Leonard Evans.

For his part, Evans accused Ramsay of "wallowing in mud and mire." But after an initial investigation, provincial auditor William Ziskind wrote: "The three officers were involved in conflict of interest by transacting with A.E. McKennie Co. Ltd., for personal gain without proper disclosure."

The three fired executives saw plans to take legal action against McKennie, arguing that they disclosed any conflicts of interest as required by company policy. "I think the documents are very, very unfair," Moore said last week.

The Tories have now turned their attack to Evans in an attempt to discover how much, if anything, the minister knew about any of Moore's potential conflicts. Evans says that Moore volunteered a mutual account of information about his activities during a 15-minute meeting only a few days before Ramsay raised the whole issue in the legislature. "I find this quite incredible," Evans told Modern's last week. "I've only on people—then they tell you down." Whether that was true may soon be up to the courts to decide.

PETER CARLENE-GREIDER  
in Winnipeg

## BUSINESS WATCH

# A Scarlet Pimpernel for Brazil

By Peter C. Newman

**I**n the opinion of the Canadian summer the agency of Brazil seems far removed. Yet that troubled nation's astronomical debt is a time bomb that could shatter our fragile recovery and send the world economy into a tailspin.

At the core of the emergency rescue effort being mounted by 1,400 member banks is a quiet Canadian who is gaining an international reputation as the Scarlet Pimpernel of Latin American finance. Bank of Montreal Chairman William D. McEachern was largely instrumental in setting up the new economic administration of a shadowy organization known as the Advisory Group on Brazil, cosponsored by Citibank, Morgan Guaranty Trust and Lloyd's International, among others. McEachern, who also sits as the group's Canadian representative, is now in charge of advising the Brazilians on what to do if they want to avoid defaulting on their \$99-billion (U.S.) debt—the Third World's highest.

McEachern's concern is not exactly altruistic. The Bank of Montreal has lent Brazil more than \$1 billion (the Royal Bank and the Scotia are in jeopardy for only slightly smaller amounts), and McEachern also runs one of the major banks in Rio de Janeiro (Banco do Brasil). Investments S.A.—worth \$2 billion in assets—while the Canadian exposure is serious, the problem of the U.S. banks is much more pressing: by the end of 1982 the more than \$13 billion lent on loan to Brazil—an astonishing 60 per cent of their total capitalization. According to Morgan Guaranty Trust, nearly 30 Third World countries are now in arrears to their creditors, desperately negotiating stretch-out arrangements with banks, while another 16 nations (with debts totalling \$40 billion) face serious balance-of-payments problems which could swing them over into the first category. The external debt of non-oil developing economies is currently estimated at \$65 billion—and rising.

But no single state is stretched further than Brazil. In a series of moves to stave off economic stagnation, the International Monetary Fund and the Swiss-based Bank for International Settlements have been selling over Brazil's long-term obligations while not lending U.S. banks have covered the short-term obligations. But the rescue efforts are being hampered by what McEachern calls "the classic liquidity problem of

people trying to get out," with many private bankers refusing to renew loans for the \$3 billion that Brazil requires for the year just to keep up with the interest.

McEachern claims that the only weapon he really has on his side is chief go-between of the world's leading community in moral suasion, though he recently spent a week in Brazil and plans to return in September. "It's really an exercise in information gathering, coordination and negotiation," he says.



McEachern: 'we will muddle through'

"We're using the same structure as we did in the Mexican crisis and, while all of that country's problems aren't solved, at least we're no longer lying awake at night worrying about it."

It was McEachern's success in dealing with the Mexican fiscal emergency last year that brought him to the fore in the Brazilian situation. "The lesson isn't paying off the debt," he says of both countries. "The issue is managing the debt. Short- and medium-term li-

abilities are hardly ideal, but it's all we've got to do the job. Unlike national markets there is no machinery for providing last-resort liquidity. That's what we must get. The solution for this kind of problem is too important to be left to good luck."

The Brazilian economy makes Canada look like a fiscal straggler. Brazil's current inflation rate is 127 per cent (up from 99.7 per cent in 1980), unemployment is running at 30 per cent, even the suffering wage earner is badly hit with reduced harvests by 44 per cent. The government is virtually unable to implement its own monetary policies, and 34 opposition members in the Brazilian parliament are on record as favoring a "wildcat revolution" (in other words, a military coup) on the national debt. The New York Times estimates that there are 100,000 street peddlers in Rio and São Paulo alone, most of them former white-collar workers.

The immediate problem is that on top of its horrendous economic situation, Brazil is warring against a gradual political liberalization program called *abertura*, the Portuguese word for "opening." Free elections have been held for state governors, and an indirect presidential vote is planned for January, 1983, which is expected to give the country its first democratic government since the armed forces seized power in 1964. This is the reason that politicians are hesitating to apply the austerity measures that the international banking community is demanding.

One of the few international bankers actually to set foot in Brazil, McEachern views that chaotic scene with characteristic calm: "They're going through a pretty rough patch all right," he says. "The biggest question is the degree to which Brazilians can handle public opinion to support the necessary economic measures."

A former Wall Street investment banker who once served as a captain in the U.S. Army, McEachern leads himself a key player in the race to protect the integrity of the world's financial system. "We will muddle through as we have before," he predicts. "I can see the term not to be amazing but because the process is orderly and by its very nature doesn't lead itself to crisis, well-defined progressions. We're handling financial problems that have been handled in this generation, anywhere. I don't think that we're so dead-end that we cannot learn from it or so smart that we cannot profit from it."

# The Police at the top of rock

By Brian D. Johnson

Rock 'n' roll fans almost gave up the search for new musical heroes during the past decade. Most of the older ones had faded or were locked into the slow senility of affluence. And most of the new bands were too preoccupied with attacking the status quo to contemplate heroism. Then, in 1977, a commando squad of three clippers, intelligent and very musician, apparently willing to serve as superstars without losing control to drugs, treachery, greed or sentiment, emerged. Unfashionably, they called themselves The Police. Last week their records were riding the top of the charts and their entrance into Canada was generating a wave of excitement unsurpassed since the heyday of The Beatles.

With a new album (*Synchronicity*) and a new single (*Every Breath You Take*) simultaneously holding down yardstick positions on the Billboard hit list, The Police's conquest was complete. New wave music has melted into

the mainstream, and The Police—champions of the second British invasion—now control the beachhead first established by The Beatles, The Rolling Stones, The Who and David Bowie. Boasting worldwide record sales of 22 million copies of its five albums, The Police is unquestionably the most commercially successful pop band to emerge in the past five years.

The full force of the group comes into focus in public appearances. When they played last week in Montreal's Olympic Stadium, a venue that overwheems most bands, the new superstars were obviously at ease. The Aug. 3 concert at the "Big O" before a crowd of 40,000 dancing, singing and screaming fans succeeded against all odds. There had not been a rock concert in the stadium since Emerson, Lake and Palmer appeared there six years ago. The stadium, shaped like a hybrid of a flying saucer and an open coffin, is notorious for its wretched acoustics. But The Police—singer-bassist Sting (Gerrit Sunner), 34, fronting drummer Stewart

Copeland, 32, and guitarist Andy Summers, 40—used the cavernous stadium to their advantage by exciting the crowd until it was drowned out the echo of the band's 100,000-watt sound system. Stripped to the waist, Sting interwove the frenzy and the music to produce a smooth evolution of structured hysteria. Friday night the band provoked a similar response from a crowd of 50,000 at Toronto's Exhibition Stadium. And later this month they will play arenas in Winnipeg, Edmonton and Vancouver. When the tour ends in September, its rock 'n' roll dragnet will have swept through 27 North American cities and scooped up a gross of about \$4 million.

Like young republicans laying siege to the old royalty of rock, the members of the British-based trio have broken down doors to unexplored international markets. They staged the first large rock concerts ever seen in India, Mexico and Argentina. Ruthless cosmopolitans, they were the first to graft the sounds of Jamaican reggae to the urban dialect

In concert at Montreal's Spectrum (below): Sting, Copeland and Summers (opposite, clockwise from left), redefining heroic qualities



RENEE M. HARRIS



of mainstream pop. By creating no-frills prototypes for both music and management, this band changed the ground rules for scaling the heights of the North American music industry. And it used Canada as its base camp.

A warm Canadiana response helped the band secure an initial foothold in North America five years ago when they crossed the Atlantic. In Canada, small bars with no support from its record company, A&M Records. "Canada was more amenable to the 'outbreak' of the band than America," Sting told *Rolling Stone's* "America is very insular." It took a long time to break the heartland of America. "Even now Canada leads the United States in total per capita sales of the band's five albums by nearly 2 to 1. After just six weeks, *Synchronicity's* sales passed the Canadian triple-platinum mark of 300,000 last week. The trio produced substantial parts of its last two albums in Los Angeles in North Heights, Que. And when the band was looking for a place to stage a rare solo appearance for international pay TV it chose a Montreal nightclub, the Spectrum. The Aug. 5 concert was the first time in Canada a band with such massive popularity had appeared in such an intimate space since The Rolling Stones recorded a live show at Toronto's El Mocambo tavern in 1977.

But compared to the Stones, the Police's image is a model of propriety. At the Spectrum there were no Margaret Trudeaues lurking near the dressing rooms and no drug scandals swirling around their act. About 600 young fans who had free tickets by identifying obscure snippets of songs on the radio packed the club. Just before the show the band's management opened the doors to another 150 people standing on the sidewalk without tickets. The members of The Police have reached the top by breaking some of the cardinal rules of the music business. They remained honest. They built their own efficient management. They turned down lucrative deals to maintain personal loyalties. They toured North America before their records were released there. And they never performed in an opening act on their hometown. "We have always been the headline here," said Sting, "even if it's only for four or five people." They also refused to compromise their music for commercial rewards. "The Beatles were a blueprint for my idea of what a band should be," Sting added. "It's that they reached a great many people at all levels without straining for the lowest common denominator."

Originally, The Police's music crudely spliced together rock and reggae beats. Now it has jelled into an identifiable

sound—the plaintive wail of Sting's voice, leaping into the headwinds of the higher octaves far above the pulse of his bass, the sharp edge of Summers' guitar, which serves as a edifying knife for rhythm and a rapier for melody, and the militant drive of Copeland's drumming, which draws on the vaulting downbeat of reggae and Arabian rhythms to create suspense. Sting, who writes most of the songs, admits that he is attracted to the idea of mental piracy. "When an art



Sting: the Beatles were a blueprint

form crosses a cultural barrier," he said, "that is where it becomes more interesting than it was ethnically. I'm here to steal. If I see something, I'll steal it."

Sting delights in projecting an air of mischief, running through his songwriting in a mischievous undercurrent that is constantly on the verge of undermining the bland ahead-of-art image. In one of his earliest hits, *Don't Stand So Close to Me*, he sings about using outside as

emotional blackmail with lines like "You'll be happy when I'm dead." *Message in a Bottle* portrays him shipwrecked, spinning in a maelstrom of confusion as a siren sings. *Don't Stand So Close to Me*, inspired by his previous experience as a schoolteacher and Vladimir Nabokov's novel , dwells on the danger of romance with an underage pupil. And the band's current hit song, *Roxanne*, from *Visible Dark*, at first appears to be a tender ballad about keeping track of a departed lover but has a sinister edge to it. As Sting comments, "I am surprised more people haven't picked up on the element of surveillance in it."

For his part, John Parrish, a Toronto media consultant who helps radio stations choose their music, said, "There's a weird, almost psychotic element to The Police's music. There is an obsessive quality to their stuff, as if they won't let go. There is a level of it that is deeply emotionally disturbed." Sting admits that the darker element is essential to the music. "Without emotional disturbance," he declared, "there would be nothing to say. Who wants to hear about what a nice day it is? But my songs are not totally paranoid. They're as optimistic as I can, and I'm sure I can sing a song like *So Lonely* to 80,000 people and have them sing it back to me, the irony being that they're all singing how lonely they are but they're all together."

Sting appears too aware of the mechanics of fame to become entranced by his own celebrity. Like Bruce, he only serious competitor on the summer's concert circuit, he is a multimedia rock star who has made indifference an integral part of his act. In 1984, like Bruce, he has crossed over into the video, by coming on instant rock stars with a small part as the mad rocker Ace Face in *Quadruplex* in 1979, then starting in last year's *Armies and Armies* as a nuclear power mutant on rapping a beautiful, brain-damaged young woman. And recently he finished playing the role of a villain called Pale in Dino De Lauro's \$50-million film *Frank Herbert's science-fiction novel Dune*, still being shot in Mexico.

Much more than Sting the opportunity to extend a persona that he has tried to keep under control in his job as a mass experimenter—that of the evil genius hiding under the mask of obedient transience. And he has taken care to turn down commercial roles that might expose his pop-star image, such as the part of a villain in the new James Bond film, *Octopussy*. "The Royal Shakespeare Company offered me Ariel in a version of *The Tempest* last year," said Sting. "I decided it wasn't terribly advantageous casting. I would much rather play Caliban."

meeting pop music with a new literary voice, The Police have plundered intellectual texts for the titles of their last two albums. *Ghosts in the Machine*, named after a book by Arthur Koestler, and *Synchronicity*, after a theory of coincidence developed by the renowned Swiss psychologist Carl Jung. "We have never really wanted to come across as a beer-swilling, drug-taking bunch of thick-heads," explained Summers, in the kind of understatement that pervades his guitar playing. "But on the other hand we want to play with as much nervousness as possible," he added. Despite their reputation as a thinking man's band, The Police are above all a rock 'n' roll group whose concerts are physical exercises in tribal therapy. Still, their intellectual maneuvers may be partly a ruse to keep the music industry in the dark about what they are really doing. "We have record company executives reading Jung," said Sting with evident gloom. "I can't wait to see what happens when we start throwing Kant and Schopenhauer at them."

One of Sting's favorite words is *subversion*. Ten years ago he was an active socialist. He gained his first publicity when his picture appeared on the front page of the British Marxist tabloid, *Red Weekly*, demanding the British government's treatment of Irish Republican Army prisoners. Since then he has shifted his concerns from political to spiritual terrain. "I am still a closet anarchist," he said, "but I have realized that standing on a soapbox and ranting polemical diatribes against whatever does not tick me is what I do now. I am now much more subversive, and it is pleasant and seductive at the same time. But there is a background of very radical thought behind it."

Although The Police have never wielded their music as a propaganda weapon, unlike student left-wing bands like The Clash, there is an aura of intense political intrigue about the band. In fact, it is not surprising to say that the history of The Police began with that of the U.S. Central Intelligence Agency. The drummer and founder of the band, Stewart Copeland, the manager, Miles Copeland III, and their American booking agent, Jan Copeland, are all sons of one of the CIA's original spies, William Copeland II.

One of the Copelands' favorite family stories concerns a time when they claim that their father helped to provoke a military coup in Syria by creating a terrorist movement in 1965. He based a gang of hoodlums to shoot up his house in Damascus. On the night of the attack, he sent his pregnant wife and five-year-old Miles III, two the moonstruck to stay with friends. But the moonstruck took their instructions literally and used live ammunition instead of M&M's A.

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Joan Powerlight and Sting in *Shakespeare* and *Traveller* with and without choirboy innocence

## MUSIC/SPECIAL REPORT

bullet-ridden Persian carpet is now displayed as a treasured family heirloom at Miles it's home in London's St. John's Wood.

The coup succeeded, but the military regime was toppled five months later. The Copeland brothers grew up in England, the United States, Egypt and Syria but they spent most of their childhood in Beirut. There was fighting in Lebanon even then. "I was only five years old during the civil war in 1927," recalls Stewart, "but I remember explosions in the night, sirens and tanks in the street."

Stewart's mother worked as an archeologist, and his first musical influence was Arabic dancing and singing in the desert, where he would accompany her on days. At 14, he practiced drums in his room, cut off from the rest of the world. That was where the seeds of *Beatlesmania* that was sweeping the Western world. In 1966, the family moved to England while Miles it's stayed to complete an MA in the economics of underdevelopment at the American University of Beirut. Returning to London in 1969 amid the swirl of densely celebrated "progressive rock" that had followed the success of The Beatles, he stumbled into managing bands. Meanwhile, Stewart dreamed his way into a job with Curved Air, a jazz-rock group enjoying moderate success. But he was anxious to form his own band. He decided to call it The Police—both to honor his father's profession and to cash in on free publicity every time the word appeared in a newspaper headline.

care childhood in "a family that was always bidding, always on the point of breaking up." Struggling through school with passing grades, he was a notorious rebel who set a record by being expelled 42 times in a single year. He found an outlet for his aggression in the bass guitar and after graduation he worked as odd jobs as a bus conductor and laborer, which was enough to convince him to start heading himself out of the working class. He studied and obtained a teaching certificate in English and music, then was a job in a school that would allow him to pursue music on the side in a traditional jazz band. Work was obligatory in the group, and when he first showed up wearing a black-and-yellow striped jersey, the conventional conventioned that he looked like a way and branded him "Sting."

In 1970, when Sting was helping to ride the energy of the punk movement that was surging through Britain, at least his name seemed out-of-place for the task. But when he resigned from his teaching post and left last April to form The Police with Copeland and guitarist Summers, the band did not easily blend into punk's subculture either. Not only were all three saddled with the suddenly unfashionable ability to play their instruments, but Copeland and Summers had an unwelcome pedigree as veterans of such established bands as Curved Air and Soft Machine. Still, The Police were excited by the energy of punk and clung to its contraria.

Engagements were scarce and scattered. In 1977 the group's members found themselves in Amsterdam with a

exhausted booking and, after taking a stroll through the red-light district, Sting wrote some lyrics. *Summer*: You don't have to put on the red light/ Those days are over/ You don't have to sell your body to the night. With Summers, a mongrel mix of rock and reggae, The Police scored their first record contract from Britain's S&M Records in 1978. But the BBC banned both Summers and their subsequent title, *Can't Stand Losing You*, because the first was about prostitution and the other about suicide. Both became massive worldwide hits but not until two years later.

After recording their first album, *Greatest Hits*, Sting, Summers and Copeland broke The Beatles' formula of "British invasion" by touring the United States later in 1978 without any advance publicity. Carrying their instruments to hand luggage, they flew the Atlantic on a private lake Skytrain and toured the back alley bars of 25 towns and cities in a van. Miles it's tried to stir up some interest from U.S. S&M officials, but he says that one of them replied: "What the hell are you doing trying to bring this group into the country without a record release? You must be crazy."

In Canada the band received a more eager response from A&M's branch company. The same night that the new wave's rising star, Elvis Costello, had the audience roaring the plush interior at Toronto's O'Keefe Centre, The Police pulled out all the stops for a minuscule crowd at the run-down Horseshoe Tavern across town. "There were about 14 people in the audience," Sting recalls, "and most of them were from the record company." Gary Gerner, who then booked the music at the Horseshoe with Gary Tapp, recalled: "The band tore the place apart. They did about six minutes, well for the first one Sting came out stripped down to his underwear." Costello said: "I take my clothes off at the drop of a hat. Maybe I'm just an exhibitionist." Still, Gerner noticed that the band was more studious than most. Said he: "They didn't come on like your typical rock 'n' roll musicians who just wanted to party and get some girls. They were dedicated to the music rather than the lifestyle."

But the three musicians were ambitious and understood the importance of creating an image. After dying their hair peroxide-black in 1978 to portray a punk look in a chewing-gum commercial, they decided to keep the look. Sting's own image soared with his cameo role in *Quadrophenia*, the version of which coincided with the band's initial rise to the top of the British charts.

As the band graduated from clubs to the concert circuit, The Police also turned down large-scale promoters in

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The Police at Toronto's Horseshoe Tavern in 1978 dedicated to the music

# The African influence

After exhausting the musical possibilities of rhythm and blues over the past 30 years, pop music is searching for ways to rejuvenate itself. The Police found success with their own brand of Jamaican reggae, and such bands as Talking Heads, The Knicker-Beast and Culture Club have eagerly borrowed influences from other Third World sources. Pop musicians—including The Police—are turning to Africa for inspiration. Of all the sounds to come out of that continent recently the most influential—and exotic—is the juju music of Nigeria's King Sunny Adé. Last week Adé played two triumphant concerts in Montreal and Toronto to coincide with *Synchro System*, his first album to be released in Canada. In September Adé and his 20-piece African Beats will perform in Vancouver.

Like reggae, juju blends traditional black rhythms with modern instruments. As a result, Adé's sound is an exciting cross-cultural experience. A royal prince by birth, called a king by his fans, Adé is comfortable in the limelight. In Lagos he is an established superstar, with more than six albums selling about 200,000 copies each. Last year his U.S. debut album, *Jujs Akas*, received extraordinary critical acclaim, placing fourth overall in the influential *Village Voice* critics' poll. Electronic music innovator Brian Auger, Talking Heads' David Byrne, Menzies' Steve Wonder and jazzman Ornette Coleman are among Adé's diverse admirers.

Adé's new white followers are discovering that juju is virtually irresistible dance music. Indeed, the heart of juju is *labelele*, like all African music; it has at least two, and often more, rhythms playing at once. The newest talking drums pulsate the music made by a battery of permanent instruments. Juju originated in the 1930s when Nigerians sometimes first picked up guitars and played the traditional rhythms of the Yoruba tribe, the language is Nigerian. Later, in the 1950s, juju pioneers like Ike Duro used electric guitars to further adjust the sound

Sunny Adé's juju is more global in its approach than that of his predecessors: the pedal steel guitar and the synth bass are unusual but surprisingly compatible companions for the talking drums. When it is squeezed and strummed with a curved mallet, the hourglass-shaped talking drum has a penetrating sound that rivets the listener to a beat that is a constant line at the same time. When the sound of modern instruments—including no fewer than four electric guitars—and the singing Yoruba voices of Adé and his chorus are added, the effort is like stepping into a culture war. Adé says that the recent changes reflect the traditional music of his people.

"We wanted African music to be internationalized as we used the technology," he explained. "But the root stays the same, and the root is the rhythm."

Such innovation is making juju more accessible to Western tastes, and it is sparking worldwide interest. In other African pop hybrids such as highlife and Afrobeat—a funky, jazz-inflected music made famous by saxophonist Fela Anikulapo Kuti, another Nigerian. Highlife, on the other hand, is a happy, calypso-influenced music with even more horns and fewer drums, and it has made stars of such African performers as Patti LaBelle and Prince New Mhango.

and his Bessie Jones. Rick in Canada as Africa is, the message for Western listeners is rhythmic: only Adé's rhythm, with few exceptions, are sung in his Yoruba and Igbo, his Christian faith is central. "Love your neighbor as you love yourself," he explains gently in Yoruba.

To audiences like those in Montreal and Toronto last week his juju music is an infectious throb that holds the dancing masses spellbound. Adé's most remarkable breakthrough is that he creates this effect with a music in which melody and harmony—the staples of Western music—take a back seat to rhythm. For the moment, the juju of King Sunny Adé clearly has the rest of the world.

—NICOLELLE FENIMORE in Toronto



Adé: tradition, technology

## MUSIC/SPECIAL REPORT

fewer of similar operators who had helped them as a bar band. Last week's shows were booked by Corcoran and Topp in Toronto and Bonnie Fogel in Montreal, rather than Concert Productions International, which books most bands of that size. "We grew," Sting explained. "We like to see the people around us grow as well, rather than just reinforce the old guard. We tried to be revolutionary at all levels, and still are."

The band's own organization harbors diverse ambitions. Its manager, Miles Copeland, one of the first entrepreneurs to create a cottage industry out of punk bands in the late 1970s, is a serious conservative who says he would not mind becoming U.S. secretary of state. In the short term he is extending his professional terrain into the film industry. Meanwhile, he also runs a record com-



Point in Toronto last week, Henry

pany called *His*. His brother, Ian, added another line to the family juke book by creating an agency called *PR*—Frontier Booking International.

Drummer Stewart Copeland describes himself as "a raging capitalist" who does not share Sting's taste for "German philosophy with pronounceable names" but enjoys the songs they have inspired. "I am more concerned with what is going on in the world today," he said. "The oil wave of rock basically says that if everyone loves each other, it's going to be all right. Well, my love (Lena) [Stewart] has been flummoxed by P-Orry, and I don't have that basic faith in humanity. I make political speeches in the shower but I have never been able to turn into songs."

Meanwhile, the broad international interests of The Police have made the band rock 'n' roll's leading diplomats. The opening acts at last week's Montreal and Toronto concerts included Peter Tosh, James Brown and King Sunny Adé (ages 35)—respectively the top stars of Jamaican reggae, American soul and African juju music. Talking Heads, the new wave band that has made rock's deepest excursions into African rhythms, were part of the lineup at Olympic Stadium. During their performance, the group's singer, David Byrne, hailed The Police's video cameras onto the stage and wistfully trained them on the audience. "It was some kind of gesture to us, I think," said Sting in his hotel room later. "It struck me as a little pathetic."

Unsurpassed by most of his competitors, Sting admires Byrne, "who is trying to broaden the parameters of rock—his making any job easier." But he

added that The Rolling Stones' Mick Jagger "has sort of stopped halfway. He didn't quite make it across the yarning channel, and he is stuck in the middle. He showed promise early on. And then got caught up with his own musician."

Sting tries to project his objectivity with humor. In Montreal last week he strided up to the grand piano in the deserted hotel lounge and picked out a few chords. A waiter politely informed him that hotel guests were not allowed to play the piano. Amazed by his anonymity, Sting went back to his vodka and wine. After the waiter conversed with the bell, Sting, smirking the rock star stooge, turned to ask, "How much for the piano?" The days of more brutal rock 'n' roll delinquency, which once kept hotels in a state of siege, are over. The Police have higher ambitions. ◇



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## PEOPLE

**W**ayne Gretzky has a secret. On Aug. 30 soap opera buffs will find out what it is if they watch Canada's superstar hockey player's acting debut on the country's top-rated soap, *The Young and the Restless*. The 32-year-old Gretzky is an avid watcher of the telenovelas settings and genres in cable-bailed *Genoa City*. He has a principal role, says a spokesman for the series, as an underworld crew of anything *Tony Danza*, who is marrying a mystery lady—a notorious blonde with whom the *Genoa* crew carries on a fling. Indeed, Gretzky may have visited the *Playboy* mansion as *Alan*.



Gretzky with Thelma Houston and Barbra Streisand, sitting with Tony's notorious bride

*Thelma's* guest during the annual *Genoa* awards in order to get a scene of the part. But if Gretzky leaves with his on the P and R, they will get another chance. Canada's anytime boy next door will appear in an NBC special, *The Best of Everything*, in September as well as an *Dance Fever*, *The Thelma of the Night*, *Steve Joe* and hockey schedule permitting. With *Houston*. Although Gretzky is exploring the possibilities of life after the NHL, hockey fans need not despair. "Hockey is his life," says his overworked L.A. representative, *Shane Saltsman*.

Last week Britain's beauty Prince Andrew returned to England after a two-week canoe trip along the Nile (aka) River in the Northwest Territories.

Miller (above): Andrew on the Nile with a friend



Photo: Michael O'Connell

Posing as wilderness enthusiasts, Toronto Star reporter *Ross Howard*, 35, and photographer *Max Slaughter*, 31, lay in wait for the publicity-prince at Virginia Falls, a 200-foot waterfall twice as high as Niagara. Andrew's party pulled in just three hours after Howard and Slaughter dimmed off their plane. Taken aback by the ambush, the prince finally agreed to be photographed if Howard and Slaughter withdrew subliminally until he completed his trip, so that other media would not begin following him. Although the prince commented that his trip was "great, except for them," pointing to the Star team, "He was joking," said Slaughter. "There were never any bad words between us." In fact, the prince became as loud as their presence that he grabbed a souvenir of his own—an oval-of-focus photograph that he took of Slaughter, whom Howard had just thrown into the river. But "he can be forgiven for that," said the photographer. "It was a difficult manner to focus. At least the exposure was right."

Trained as a physician more than 30 years ago, Dr. Jonathan

Miller, 48, the partially English British nurse who returned to medicine after sitting, writing and directing for *Thelma and Louise*—including the film's *Body in Question*—was introduced from his first love where a group of friends, including multi-talented *Quincy Moore*, began the comedy revue *Dr. and the Prince*. Now Miller is interested in ornithology and researching the kind of aberrant behavior people engage in when they enter a mating lane, tights and postulate and generally call attention to themselves. "Dr. Miller wants to apply insights into the kind of behavior as in the theatre—to animal shows, where it is exaggerated," said a spokesman at McMaster University in Hamilton, Ont., where the physician has been a visiting professor-in-residence for the past two months. Despite several requests for interviews, Miller graciously refused to speak to the media during that period. He changed his attitude following a \$100 appearance at Toronto's *Toronto Theatre*, and appeared on *CBC's The Journal*, playing the humble fangman to a flirtatious *Barbara Frum*. "I'm leaving my patients to return to my wife," he said of his vocational about-face.

Last week Toronto's Good's latest *Islander* had two co-owners in a flap. Baseball star *Steve Winfield*, a New York Yankee by trade, recently booted a bird while aiming a warm-up ball toward a ball boy at Exhibition Stadium, snuffing the *Islander's* existence of *Conor Wayne Murray*. The offer promptly greeted charges of cruelty to animals against the outfielder. But, despite the furor on the rest of the continent (the media have been revelling in a loose-end opportunity to make bad puns), Toronto's boys in blue seemed confused about the incident. "Was he arrested?" asked an information desk who seemed to have slept through the bedlam. He certainly was, but now it looks as if the force is eating crow. The charges will be dropped on Friday, when the case goes to court. ☐



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Murder with reconstructed skull and drawings of victim: did the dentist do it?

## The Canadian connection

**P**rovincetown, Mass. Police Chief James Menda has a hunch He knows there is a Canadian angle to an unsolved murder that the local media called the case of the damed in the dunes. Nine years ago, on July 26, in a 15-year-old golf bag waiting for a hole-in-one, a Canadian woman found the body of a woman about 25 to 30 years old. Her hands had been cut off, her skull was smashed, and her face had decomposed in the damp sand. The official report described her as blonde, 5'6", 120 pounds, with short, straight, light blue hair, long reddish-brown hair tied in a ponytail with a rubber-tye tourellet, pink painted toenails. She has never been identified. But Menda, the archeologist and retired cop, is still on the case, and he's got a hunch that the woman died with a possible lead in the Canada.

Menzel relied up the first hint of a Canadian connection about a year after the crime when, more in desperation than hope, he called in a psychic. So said the murdered woman was a cousin from Ottawa named Marilyn or Carolyn O'Leary, but the RCMP could find no record of any such person existing. Then, recently, a constable at a Cape Cod motel told Menzel that once a year, for three years, a "dentist from Canada," driving a Corvair, had stopped by to see his brother who still lived in the dentist's town. Menzel took the lead and started out to talk to the dentist in the dozen areas He saved energy by using every scrap of new information and he predicted that the case would never be solved. Said Menzel: "I have done everything I try to do in cases that dentist. No."

the more I think about it the more I believe there is a Canadian connection."

Once again, Meade has asked the Mounties for help. An RCMP spokesman told Meade's that the feds are doing everything it can to help, "but all information should come from Chief Meade." For his part, Meade is reluctant to talk about evidence pointing to a Canadian involvement. But Massachusetts State Police Lt. Joseph Arnold, who has worked with Meade on the case, said, "We certainly believe there is a Canadian connection. We are particularly interested in the possible role played by a Canadian dentist."

Meanwhile, Meade has another reason for taking an interest in diamonds. The victim had \$3,000 to \$5,000 worth of gold crowns in her teeth—at current prices they would probably cost twice as much. Meade sent a full description of the teeth to American dentists, but none could identify the work. He also had an anthropologist and a forensic sculptor reconstruct the woman's skull, and an artist sketched possible likenesses of the victim. Copies of the sketches were distributed throughout the United States but they brought no response. "It baffles me," admits the determined investigator. Meade thinks the killer cut off the victim's hands to prevent identification through fingerprints. "But we shall not have been able to find the woman's fingerprints," he added. "It makes you think—the dentist said so."

—WILLIAM LOWMYER in Washington.

## A sense of displacement

By Clark Moline  
(Illustrations, 250 pages, \$19.95)

**B**ays from working-class Pittsburgh rarely end up in northwestern India. But Richard Dugan, a burned-out novelist whose past weighs heavily on him, narrates most of *Lulu*, Clark Haine's striking new novel, from a village in the Rajasthan Desert. In India, Dugan can escape from his reputation and his lusts. Unlike the Sons of Westerners who emigrate to Asia in search of their souls, Dugan knows his soul all too well. He is in India to find redemption.

He is remembered by members of the 1960s, who he lived in Manhattan, an up-and-coming author griffled by his own fame. At the time, he was married to Rachel Isaacs, a beautiful poet and stagewriter who was far more gifted than he. Isaacs' talent warranted greater recognition when she did her writing without warning, and Dargis was widely blamed for provoking her death. In fact, he was neither completely transcendent nor completely evil. And although Rubin's central characters are writers, he avoids the dangers of cliché. While Isaacs and Dargis have the ardent, disconcerting perceptions of true artists, they also struggle with emotions that many people share.

lessness, he "didn't know what was real and what was in her head," finds in the ambivalence lived from the Midwest something she later, as a resident American identity. A daughter of intellectuals who had fled Hitler's Germany, she was brought up in California and Italy but she never lost "a taste of displacement." She is personally displaced, a spiritual refugee. The main characters in *Luau*, including a Chinese-American professor who is writing Chinese biography and an American-Indian librarian who marries Dungen on his way downhill, are all unable to belong. Haine, who attended St. Sebastian across North America before Grade 12, has married his way into a position metaphor for the experience of modern life in North America.

The novel does have irritating faults. Haine is careless about chronology and he occasionally lets lively material run on too long. By contrast, he treats a few important characters, notably Jack Towner, Haine's lover in her final year, far too sketchily. But these flaws pale beside Haine's unobtrusive mastery of form, his eye for memorable detail, and

his acute, impressionistic sense of the passing of the years. Dargatzis's memoirs of a shabby game of baseball in the last year of the Negro League evoke the 1950s as early as a time machine. Furthermore, Dargatzis is rarely content merely to provide impressions; he often goes on to interpret and analyze them as well.

Bismarck's attitude to the United States is angry and loving at the same time. Proof that his country contains so much to inspire artists, he is almost ashamed that it is so readily obvious their talent and examples they lives leaves behind the strong resemblance to Sylvia Plath, the brilliant young American poet who committed suicide in 1962. One of the plays, written in 1963, shows the horrors of Hitler's and his horrible destruction of Wagner's music, a TV show that made Nazi row across the subject of light rain. Despite the strong influence she can exert on others, Isamu's own identity is firm enough that, to her, the modern world seems a perpetual show. She could not cope with the United States. But with a lifetime of touch that says tribute to the world, she is a strong staff. Her love is up to the world, and her love is the same as the one in the world.

—MARK ABLETT

## File Name

- 1 The Little Drummer Girl, Is Carver (1)
- 2 Christine, New (2)
- 3 White Gold Wicker, Donaldson (2)
- 4 Accident Eventings, Mader (2)
- 5 Return of the Jedi (7)
- 6 Voice of the Heart, Bradford (2)
- 7 The Name of the Rose, Eco
- 8 Floating Garden, Strand (2)
- 9 The Summer of Kalpa, Perkinson (2)
- 10 Ancient India Tell, Crowley (2)

- 1 In Search of Excellence, Priety and Waterman Jr
- 2 Megastore, Noida (2011)

- 3 The Price of Power, Hersh (2)
- 4 The Last Lion, Manchester (2)
- 5 Punky, Thomas and Morgan-White (4)
- 6 Out on a Limb, MacLennan (2)
- 7 The Outport People, Mount (2)
- 8 Janet Fonda's Workout Book, Fonda (2)
- 9 The PFFan Diet, Rytton (2)
- 10 The Love You Make, Brown and Glasser (2)

*(7) Practice last week*

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Crush and De Marney: dreams of consumption and a catastrophe

## FILMS

# Adolescent fantasies

### RISKY BUSINESS

Directed by Paul Brinkman

**J**ael (Tom Cruise), who comes from an upper middle-class Chicago family, is beset by uncertainty. He is finishing high school and, presumed by his father to enter Princeton, he wonders what he is going to do with the rest of his life. Joel's general adolescent anxiety manifests itself specifically in dreams of consumption that end in catastrophe. When his parents go on vacation, leaving him alone in the house, his most elaborate fantasy—and worst fear—comes true: he falls in love with a hooker (Rebecca De Mornay). His father's Porsche slides into Lake Michigan, the house turns into a brothel and he is suspended from school. *Risky Business* is a delight—an antidote to the teenage aspirations of the Porc's genre.

Reckless has set Joel's seafaring fantasy within the framework of a day-dream in order to give the fanciful events some credibility. *Risky Business* has an enjoyably weightless quality, occurring in skewed dreamtime in an appropriately surrealistic score. Everything about the film is a little out of whack, especially Leon, the hooker whose behavior seems totally motivated by whites. One sense she has a heart of gold, the next she's a cocaine addict of gold—she smokes the Porc's to end

up in the lake and then sets up the brothel in Joel's home to pay for the damages. Newcomer De Marney, who has Mia Farrow's physical delicacy and Charlotte Rampling's gaudy eyes and arched sensuality, is over as actual person—she is drawn by Joel's desires and fished out by his fears of what a dream-woman might be. (There is a suggestion that Joel is entering his adolescence to an analyst and that all the events in the film are concocted by his creative imagination.)

*Risky Business* captures teenage rebellion fantasy as few other movies have. Like a cartoon of Crawford Jack Bonn, the movie is filled with surrealism. Making his first meal for himself, Joel awakens a glum-looking TV director, pours himself a glass of Chateau Regal to go with it and means to make Coke to give it a fix. Later, he turns the stereo up full volume and dances around in his shirt and undershorts pretending he is a rock guitarist. When Joel's father recognizes his son, "My house, my rules," the audience is on the son's side. As the glibbie, slightly dopey Joel, Tom Cruise gives a sunny performance, beaming with good nature. In his first foray into the tangled job-writing and directing a movie, Paul Brinkman has written something sweetly hilarious, then stepped behind the camera and said: *Joel, the son, the son, the son.* —LAWRENCE O'ROURKE

## A familiar fairy tale

### KRULL

Directed by Peter Yates

**I**n a galaxy far, far away—although not nearly far enough—a prince and a princess are being married to unite their two kingdoms. In the middle of the regalia, bewitchment of the dreaded Beast, first cousins of Darth Vader's Storm Troopers, break into the castle. They drag the princess (Lynette Austinson, whose beauty is shamefully overshadowed by her gross ineptitude as an actress) back to the Beast's lair, the Black Fortress. The wounded prince (Ken Marshall, a handsome actor with a golly-golly beauty) sets off on a quest to rescue her. Because it is a quest, he will need *The Force*—in this case called the Glaive, represented by an arate hoesing that could have been paraded at Brixton. Given the circumstances, he will also need his own personal Obi-Wan Kenobi, and on the way to the Black Fortress he will meet a few people and many special effects.

*Krull* is a terrifically unoriginal, also a hilarious, devoid of suspense, witless and not much fun. However, the kingdom of Krull itself is a place where medieval clothing is favored, people ride horses and speak in the language of Grade 1 primers—but carry ray guns. That allows director Peter Yates and screenwriter Stanford Sherman to mix together the Star Wars epics, *Knight's Tale*, *Dracula* and *The Adventures of Robin Hood*. *Krull* is not just a \$20-million movie; it is a movie, which, considering the price tag, does not seem unreasonable.

What is entirely unreasonable is the amount of time and money it takes to get to the interview with the Beast at his nondescript home. It comes as no surprise to encounter along the way a blind cat, a trusty Cyclops, a deadly good spider and a would-be adolescent—all providing alleged comic relief. The special effects, while not dazzling, are reasonable. But the sound engineering may add to the members of the hard-of-hearing. Although Krull is perpetually about the power of love (the Glaive's power, the prince discovers, emanates from within himself), it is more a tribute to the potency of the deified James Harem's music, heavenly choir and all, has the effect of a big symphonic work played in an elevator, attempting to cover up a continual lack of invention. *Krull* wastes precious every opportunity at its disposal to make magic. But to pull a rabbit out of a hat, the film does it: the Beast is a black place. —LOF



Chase and Coco: the comics were patronized, but the jokes were lost

## Taking a holiday from humor

### NATIONAL LAMPOON'S VACATION

Directed by Harold Ramis

**C**omedy is the most difficult genre of acting and also the most difficult to write. The sparkling bond that performers conjure up with an audience must first be laboriously forged among

themselves. The great comedy teams, such as Jackie Gleason and Art Carney, Marty Fritman and SCTV, worked together for years performing their art. Legions of diverse talent alone could guarantee good comedy. *National Lampoon's Vacation* would be laughing all the way to the bank. But not even exceptionally pedregated scenes such as Chevy Chase's drunken blarney at John Goodman can do more than competently mark their way through John Hughes's tarted-up script.

Chase is Chuck Grisswold, a Chicago suburbanite who picks his protesting wife (viciously played by Beverly D'Angelo) and snare-already kids into a clunky station wagon for a joyless ride to Waikiki World. sitcom set pieces drive the movie to revive viewers stung by the most yawn-provoking film cliché of all: a car rolling down the highway to the tunes of a frothy sound track.

When *Vacation* spends long enough on a gross scenario to flesh out ideas and characters, the savage humor at which the cast excels briefly bares its teeth. A visit to a shoddy country house (the pubescent daughter flirts her French-kissing prowess by slandering "Dad says it's the best") is totally off-kilter in the finest Lampoon tradition. But *Vacation* can afford no more socially acceptable wags. Mindless sex is served up in a red Ferrari by celebrity model Christine Brinkley, who manages to drive Chase—and the movie—off the road whenever scenes threaten to get funny.

Fashion ultimately fails because it blunts the edges of talent barely lodged in print and on television. The Marx Brothers made funny films because the medium was second nature to them, a workshop. Chevy Chase awkwardly says on disappointing because they are just passing through on a post holiday from themselves. —MARK CRAWFORD



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